2000-2001

Alberta

ipal Affairs

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Preface

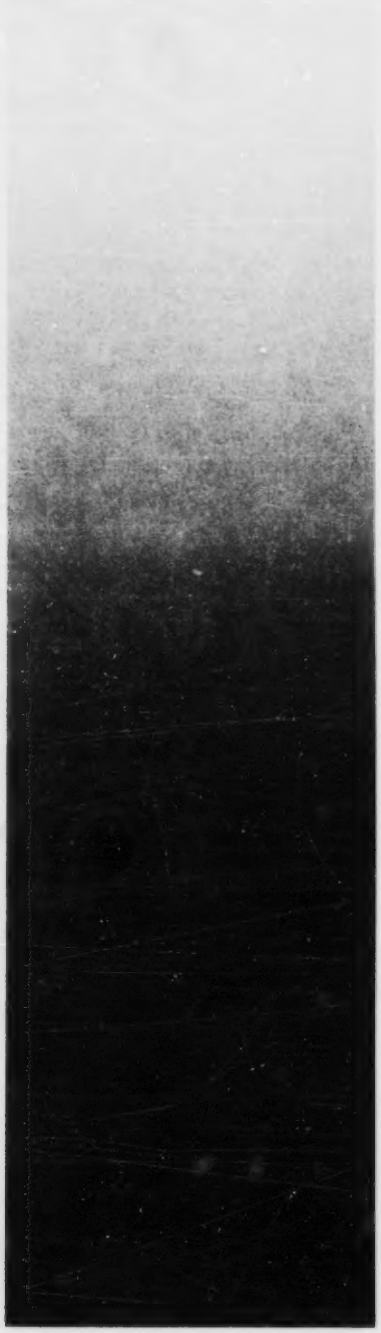
The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 ministries.

The annual report of the Government of Alberta released June 2001 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

On March 15, 2001, the government announced new ministry structures. Since the 2000-01 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-01 fiscal year against the original business plan.

This annual report of the Ministry of Municipal Affairs contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and**
- **financial information relating to the Improvement Districts' Trust Account and the audited financial statements of the Special Areas Trust Account.**



Government of Alberta
2001 IPAC
Gold Award
for Innovative
Management

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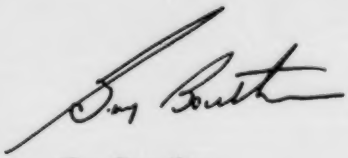
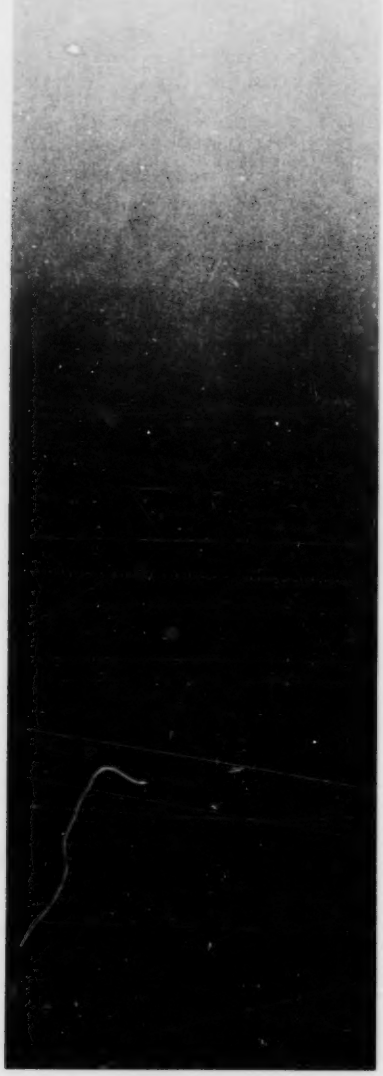
Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2001 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 12, 2001 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Guy Boutilier
Minister
Ministry of Municipal Affairs

Message from the Minister



I am pleased to present Municipal Affairs' Annual Report for 2000-01.

Our department's mission is to ensure that Albertans live in safe and sustainable communities and are served by open, effective and accountable governments. All our efforts are concentrated on supporting the work of local government so Albertans receive the best possible service from their municipalities. Through grant programs, training and mentoring activities, and safety and disaster services, the Ministry of Municipal Affairs supports local government and the services it provides.

Alberta's growth and prosperity make these exciting times to live in our province, but this growth places increasing pressure on local governments to deliver the services and infrastructure our strong economy demands. As a department, we are helping municipalities to find new and better ways to serve Albertans in the most cost-effective manner.

Regional partnerships are being explored in many communities because they offer tremendous opportunity for shared resources and services. Our safety system of building codes and standards is constantly being upgraded to ensure it meets the needs of our citizens. And, we remain ready to help Albertans and municipalities recover from major emergencies and natural disasters. These are just a few of the many ways the department is working to bring safety and sustainability to this province's communities.

As Minister of Municipal Affairs, I am pleased with the results indicated in this report and look forward to continuing to serve local government in this province.

Guy Boutilier
Minister
Ministry of Municipal Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board, which are included in one financial statement.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

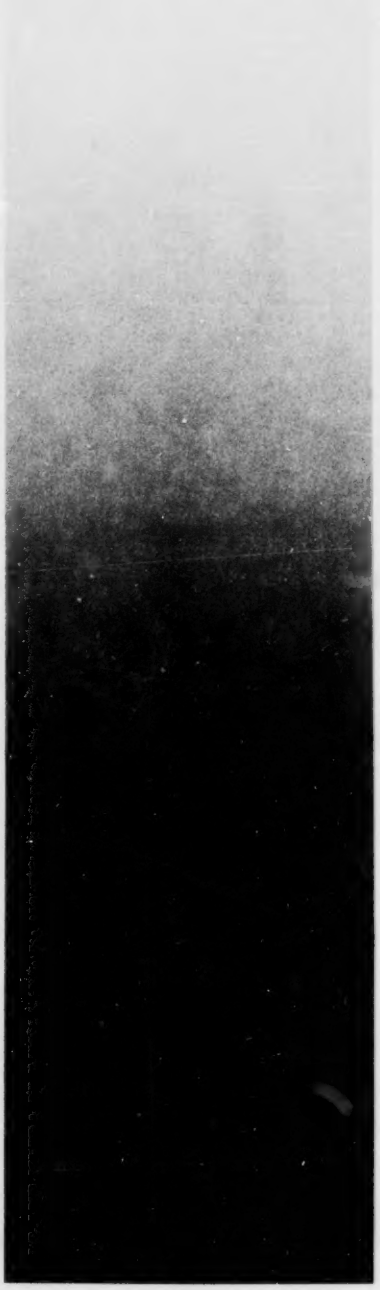
Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that consider costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Municipal Affairs with any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act.*

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the individual entities within the Ministry.

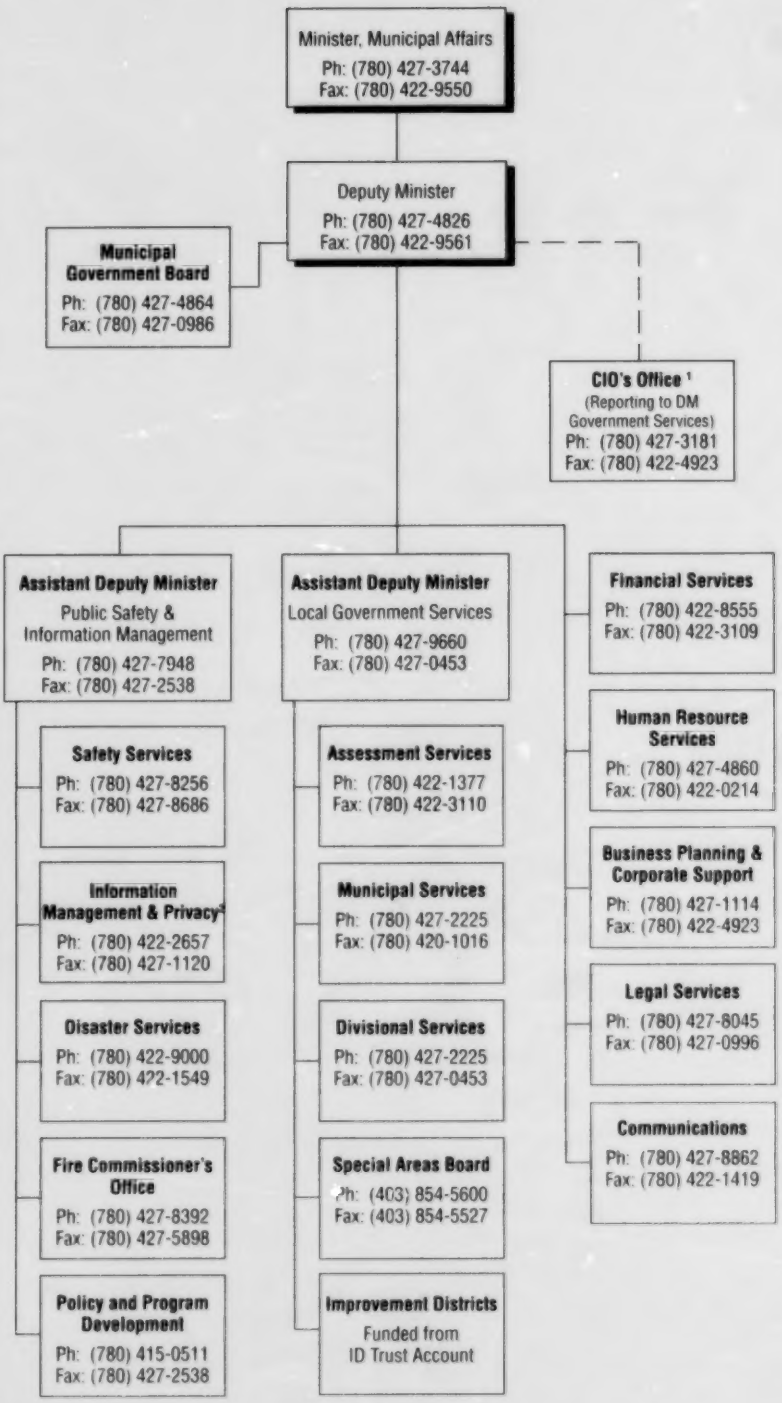
C.D. Radke
Deputy Minister
Ministry of Municipal Affairs
September 11, 2001



Overview

Entity Map

Department of Municipal Affairs Functional Organization as at March 31, 2001



e-mail: comments@ma.gov.ab.ca
web site: www.gov.ab.ca/ma

[1] Split between Municipal Affairs and Government Services March 19, 2001

[2] Transferred to Government Services March 19, 2001

Operations and Services

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board.

❖ Department of Municipal Affairs

The Department of Municipal Affairs has two main operating divisions: Local Government Services and Public Safety and Information Management.

Local Government Services

This division provides support services and advice to municipalities to assist them in developing sustainable and effective local government for Albertans. Services focus on innovation and cooperation, municipal viability, and assessment and property tax policy. There are three branches in this division: Municipal Services, Assessment Services and Divisional Services. The Special Areas Board also reports to the Assistant Deputy Minister of Local Government Services.

Municipal Services

This branch provides the policy, planning, analytical and legislative drafting support necessary to meet the department's responsibilities in the areas of municipal legislation, land-use planning, inter-municipal cooperation and municipal status changes. The branch also provides advisory and financial support to assist municipalities to operate efficiently. It works with a broad range of stakeholders including municipalities and their associations, as well as business, industry and not-for-profit organizations. Municipal Services also develops and coordinates education and information for local elected officials, administrators, and related professionals.

Assessment Services

This branch develops assessment standards and guidelines and audits municipal assessments to ensure standards are met. It leads the development of assessment and education tax policy for the province including the calculation of the equalized assessment and the education tax requisition. It also prepares the assessment of linear property in Alberta. The branch works in partnership with local governments, assessment professionals, and stakeholders to ensure confidence in Alberta's property assessment system.

Divisional Services

This branch coordinates division-wide activities including conferences, conventions, budgeting, business planning and information technology. It also undertakes research, prepares briefings and correspondence, and coordinates activities for the Local Government Services Division.

Special Areas Board

This board provides municipal services and long-term land management for the three special areas located in southeast Alberta. The board is appointed by the Lieutenant Governor in Council.

Public Safety and Information Management Division

This division provides the framework of safety codes and standards to ensure that buildings, industrial plants and associated equipment are built, operated and maintained safely. It also helps public bodies apply Alberta's *Freedom of Information and Protection of Privacy Act* and provides disaster services programs that assist Albertans to prepare for and recover from disasters and emergency situations. At the beginning of 2000-01, the division included Safety Services, Disaster Services, the Fire Commissioner's Office, Information Management and Privacy, and Policy and Program Development. The Information Management and Privacy Branch was transferred to Government Services on March 19, 2001.

Safety Services

This branch administers the *Safety Codes Act,* which establishes codes, standards and administrative processes in nine disciplines: boiler and pressure vessels, building, fire, plumbing, gas, electrical, elevators, amusement rides and passenger ropeways (ski lifts). It assists municipalities, corporations and other entities that have been delegated authority to administer safety codes and standards. It also monitors and evaluates the performance of these organizations in administering the *Safety Codes Act.* In addition, Safety Services provides technical advice to the public, industry and stakeholders and represents the province in developing national and international codes and standards. The branch also provides assistance with policy, planning and analysis, and support in drafting legislation. Responsibility for the Underground Petroleum Storage Tank Site Remediation Program was added in October 2000. This program helps municipalities and owners of small retail fuel facilities in assessing and remediating sites contaminated by leaking underground petroleum storage tanks.

Disaster Services

This branch develops and carries out a province-wide program that enhances the ability of municipalities and the province to respond effectively to disasters and major emergencies. It also administers the province's disaster recovery programs that provide financial assistance to households, small businesses, farming operations and municipalities for non-insurable losses resulting from natural disasters.

Fire Commissioner's Office

This office provides support and technical advice to fire departments and municipalities on fire protection matters. Office staff partner with municipalities and public and private institutions to improve

fire protection standards and services. They promote public education through programs such as *Learn Not to Burn* and *Risk Watch,* which are designed for use in schools. They work in partnership with the Alberta Fire Training School and the Safety Codes Council to provide training and support for firefighters, safety codes officers and municipal officials. This office provides technical information and publications regarding fire prevention and safety. In addition, an annual report on provincial fire statistics is prepared from data collected throughout the year.

Policy and Program Development

This branch leads the division's processes for policy and program development, program evaluation, environmental scanning and business planning. It also conducts research, provides project management support for division initiatives, coordinates division activities, prepares briefings and correspondence, and provides information technology support.

Information Management and Privacy

This branch provides support to public bodies—provincial government ministries and agencies, health care bodies, local government bodies, and schools and post-secondary institutions—in the application of the *Freedom of Information and Protection of Privacy Act.* This support includes training, advisory services, information products and publications. The branch also provides assistance with policy, planning, legislation and overall coordination related to access to information and protection of privacy.

Support Services

Staff from specialized areas including Communications, Financial Services, the Chief Information Officer, Legal Services, Business Planning and Corporate Support, and Human Resource Services support the operating divisions in achieving their business plan goals and strategies. These areas support the business plan through key initiatives and strategies that affect the entire Ministry.

❖ Municipal Government Board

The Municipal Government Board conducts the independent and impartial quasi-judicial adjudication functions outlined in the *Municipal Government Act* with respect to property assessment appeals, linear property assessment complaints, equalized assessment appeals, subdivision appeals, annexation recommendations and inter-municipal planning disputes.

❖ Shared Services

Municipal Affairs maintains a shared services arrangement with Alberta Government Services. Administrative services, human resource services and legal services are shared between the two departments.

Municipal Affairs also benefits from a partnership with the Alberta Corporate Service Centre (ACSC). During 2000-01, the department completed the transfer of all affected staff to ACSC with no interruption in service to the department.

Core Businesses

Municipal Affairs supports the following four core businesses as indicated in its business plan for 2000-03:

1. Provide support services, policies and legislation that enhance the development of a sustainable, accountable, responsive and effective local government sector.
2. Promote and apply appropriate safety standards throughout the province.
3. Manage provincial disaster planning and recovery programs and support to municipalities to ensure their preparedness to deal with emergencies and after disasters to assist in recovery.
4. Provide a legislative and policy framework and support to public bodies to enhance access to information and protection of privacy for Albertans.

Analysis of Key Activities

Municipal Affairs was involved in numerous activities during 2000-01, as demonstrated in the Results Analysis section of this report. The following information outlines the program initiatives and significant improvements, major consultations, and legislative changes that took place during the year.

❖ Program Initiatives and Significant Improvements

Education property tax

Recommendations from the MLA Education Property Tax Review Committee resulted in a $135 million reduction in property taxes paid by Albertans, while ensuring that every municipality realized a reduction in its education tax requisition for the 2001 tax year. The education tax requisition was also frozen at $1.2 billion for subsequent years.

Underground Petroleum Storage Tank Site Remediation Program

This program was introduced in October 2000 to improve the environment by removing potential sources of contamination of water, soil and the atmosphere caused by leaking underground petroleum storage tanks. A total of $80 million is available to assist eligible municipalities and small fuel facility owners in assessing and remediating contaminated retail fuel sites. The program is funded until March 31, 2002.

2000 Disaster Recovery Programs

Two widespread disaster recovery programs were administered during the year to help Albertans recover from devastating losses. Costs associated with the Pine Lake Tornado Disaster Recovery Program are expected to reach $6.8 million. It is anticipated that approximately $1.9 million of this will be reimbursed under federal Disaster Financial Assistance Arrangements. The 2000 Woodlands County Disaster Recovery Program for overland flooding cost approximately $800,000.

Municipal 2000 Sponsorship Program

In its third year of operation, this program designed to promote innovation, cooperation and excellence in local government was improved. Its budget was increased and its eligibility criteria was modified to include a 25 per cent bonus for projects involving inter-municipal cooperation. During the year, the Ministry granted funding to 242 municipalities for a variety of projects involving computers, recreation, economic development, municipal buildings and other municipal priorities. Funding was also provided to 234 municipalities for fire services training and materials, 43 municipalities for disaster services training, and 22 municipalities for training ground search and rescue personnel. Municipalities received a total of $13.2 million under this program in 2000-01.

Financial Support to Local Authorities

In 2000-01, grants of more than $14.4 million were paid to 29 local authorities to help them address various municipal matters. Recipients included the Alberta Urban Municipalities Association (AUMA), the Alberta Association of Municipal Districts and Counties (AAMD&C), the Safety Codes Council, the University of Alberta, the Alberta Fire Training School, and municipalities. The funding supported a project to link land title information to the provincial base boundary map, and development of a training program for returning officers in upcoming municipal elections, as well as other initiatives.

Assessment Shared Services Environment (ASSET)/ Permitting System

Together with the AUMA, AAMD&C and the Safety Codes Council, Municipal Affairs began developing an electronic assessment/permitting system. This Internet-based system will help municipalities better share and manage assessment-related data and information on building permit and inspection activities under the *Safety Codes Act*. The data will also benefit the province by improving its ability to forecast growth in the property assessment base. This new system will enable the province to use the live assessment base for equalization and education tax purposes, which will reduce complexity and lead to greater understanding of the tax system.

Municipal Infrastructure Management System

In conjunction with the AUMA and the AAMD&C, the department began developing the Municipal Infrastructure Management System (MIMS). MIMS is a decision-making tool to help small- to medium-sized municipalities manage their infrastructure better through standardized inventory and assessment practices using appropriate and affordable shared systems.

Alberta Capital Region Governance Review

Work continued on the Alberta Capital Region Governance Review, which provided an opportunity for the 21 municipalities around and including the City of Edmonton to explore how the region can best be prepared to meet the challenges of the future. The committee's chair submitted a final report to the Minister in February recommending that the municipalities continue the review's work, with limited financial support from the province.

Regional Partnerships

Several emerging regional partnerships, including the Calgary Regional Partnership, were funded through this initiative. It assists Alberta municipalities that want to establish or expand regional partnerships to improve municipal operations and services for residents, businesses and industry within a region. This initiative supports the province's

Economic Development Strategy. Municipal Affairs is working with other provincial departments to ensure that the Alberta government's regional activities are aligned and coordinated.

Assessment Audit

Faced with a broad client and stakeholder group, this team developed quality standards that place it in the forefront of advancing best practices for assessment. This unit won a silver 2001 Premier's Award of Excellence for its work, and this is the second year in a row the unit has received a Premier's award.

2000 Premier's Award *of* Excellence

2001 Premier's Award *of* Excellence

Dispute Resolution

The Ministry conducted three pilot projects on using dispute resolution techniques in resolving internal municipal disputes. Based on their success, a proposal for addressing intra-municipal disputes in all municipalities was developed. This proposal is intended to assist municipalities that want to review internal processes for the possibility of using alternative dispute resolution techniques.

Municipal Excellence Program

Alberta Municipal Affairs is working collaboratively with Alberta municipalities to develop an innovative program that supports continuous improvement in local government. The objectives of the Municipal Excellence Program are to recognize local government excellence, provide tools and resources that local governments may use to identify needs and achieve goals, and help municipalities share information and knowledge.

Municipal and departmental representatives are developing a database on municipal governance and management practices. Using this database, municipalities will be able to access practices as well as share experiences and lessons learned in other Alberta municipalities.

The Municipal Excellence Program is being developed in several phases, with the first phase focusing on governance and management practices and processes. Human resource management, financial management, and service delivery modules are planned for future phases.

Assessment Review Board Training

Interest in the Assessment Review Board Training Program exceeded expectations. In 2000-01, the Ministry held eight one-day workshops for more than 260 members of local assessment review boards, board administration staff and other municipal officials.

Alberta Emergency Preparedness Partnership

The department established the Alberta Emergency Preparedness Partnership, a joint provincial/federal initiative. This organization provides informed input for provincial-level emergency plans and

programs. It includes significant representation from municipalities, industry, critical non-government organizations, first responder organizations and essential service providers.

Freedom of Information and Protection of Privacy (FOIP) Web Site

The Information Management and Privacy Branch redesigned the FOIP web site to consolidate key information about the *Freedom of Information and Protection of Privacy Act* and make it easier to use. Everything Albertans need to know about FOIP is now in one place—the Act and regulations, guidelines and practices, frequently asked questions and contact information. New features include summaries of the Information and Privacy Commissioner's Orders as well as advanced search capabilities.

Fire Safety Programs Directed at Alberta Children

The Fire Commissioner's Office established several education programs for children, including *Risk Watch* and *Learn Not to Burn* among others. The results of these initiatives include a 57 per cent reduction in the number of fires started by children in Alberta and a 63 per cent reduction in associated fire deaths over the last two decades. These initiatives won a bronze 2001 Premier's Award of Excellence.

❖ Cross-Ministry Initiatives

The Government of Alberta adopted four priority policy initiatives for 2000-01:

- the Economic Development Strategy
- the Aboriginal Policy Initiative
- the Alberta Corporate Services Centre Initiative and
- the Corporate Human Resource Development Strategy

Municipal Affairs is committed to these initiatives and, in addition to continued participation on a variety of cross-ministry committees, the department made some significant contributions during the year.

Economic Development Strategy

The Ministry participated in developing the Economic Development Strategy and will continue to be an active partner in it. Several department initiatives, including the Regional Partnerships Initiative, support and align with this strategy.

On the technology side, the department participated on the selection committee for the government's SuperNet Project. In the past, the department has assisted Alberta municipalities in getting connected to the Internet and, as a result, 97 per cent of eligible municipalities have voluntarily chosen to go on-line.

Aboriginal Policy Initiative

In support of the Aboriginal Policy Initiative, the department employed two First Nation district officers to provide advisory, support and disaster planning services to Aboriginal communities and helped establish emergency operation plans in 35 of 45 Aboriginal communities. The department also provided monitoring and mentoring services to Metis settlements to assist them in administering the *Safety Codes Act.*

The department hired an engineering consultant to do a study of municipal roads and bridges for the eight Metis settlements. In addition, the department provided FOIP training to 10 Metis settlement staff and developed and issued a *Frequently Asked Questions Guide to FOIP for Metis Settlements.*

Alberta Corporate Services Centre Initiative (ACSC)

The Ministry has been an active participant in this initiative, and has provided leadership and key support to a number of the committees and projects required to develop and implement solutions.

Human Resource Development Strategy

The department continues to link to the corporate human resource plan to develop and maintain an Alberta public service respected for its attitudes, knowledge and skills, its effective management of public policy, and its dedication to achieving quality, affordable services for Albertans. From encouraging staff development to succession planning and service recognition, Municipal Affairs is following the strategy and reaping the benefits, as indicated in the department's annual employee core measures survey.

❖ Major Consultations

Municipal Affairs supports consultation and direct involvement with other ministries and key partners because these activities are essential for success. Some processes that demonstrate the department's commitment to consultation include:

Minister's Municipal Forums 2000

From July 6 to August 4, 2000, the Minister held meetings in Airdrie, Fort Macleod, Medicine Hat, Peace River, Grande Prairie, Edson, Red Deer, Camrose, Lamont, and Vermilion. Of the 361 municipalities in Alberta, 118 attended a meeting with the Minister.

Some of the issues discussed included:

- Provincial/municipal relations
- Regional cooperation
- Municipal 2000 Sponsorship Program
- Safety codes, and fire and disaster services

Privacy in the Private Sector

In cooperation with the Alberta Economic Development Authority, a consultation was initiated to assess the potential impact of the privacy provisions of the federal *Personal Information Protection and Electronic Documents Act* on Alberta small businesses.

Safety Standards

Consultations were conducted on safety standards concerning manufactured mobile skid units, pressurized cargo transport vessels, anhydrous ammonia (farm) tanks, and large, complex farm buildings. The department also participated in national policy reviews of safety codes for plumbing, building, fire, electrical, gas, elevators and escalators, ski lifts, amusement rides and boilers and pressure vessels.

Equalized Assessment Panel

In July 2000, after extensive consultation with key stakeholders, the Equalized Assessment Panel submitted a report with recommendations to the Minister regarding assessment information, quality control, and the equalized assessment and audit processes. In the fall of 2000, the department started work on the panel's recommendations to establish a centralized data-sharing system (the Assessment Shared Services Environment (ASSET)/ Permitting System) and create guidelines and manuals for assessors.

Interdepartmental Committees

Municipal Affairs participated on interdepartmental committees with many other provincial government departments. Some of these joint initiatives include working with:

- Economic Development on the Economic Development Strategy
- Energy and Utilities Board to evaluate existing sour gas policies, standards and regulations
- Environment to develop a comprehensive flood risk management strategy
- Environment to help municipalities respond to climate change and reduce greenhouse gas emissions
- Health and Wellness to prepare the province's plan to respond to a possible outbreak of pandemic influenza
- Health and Wellness to assist in the implementation of the *Health Information Act*
- Health and Wellness to implement regional health board elections
- Human Resources and Employment to transfer electrical utility worker safety rules from the *Safety Codes Act* to the *Occupational Health and Safety Act*
- International and Intergovernmental Relations on the Aboriginal Policy Initiative
- various departments to review the effectiveness of existing fire training in meeting the needs of industry and municipalities

❖ Legislative and Policy Changes

The department reviewed 37 regulations relating to the areas of assessment, taxation, finance, administration, planning, elections, special areas, regional services commissions, municipal participation in power purchase arrangements, accredited safety agencies, and safety codes. Some initiatives include:

Innovative Private Sewage Regulations

This legislation regulates the installation and maintenance of private sewage disposal systems. Standards of practice and a handbook were also developed. This initiative won a bronze 2001 Premier's Award of Excellence and the handbook and other material are being considered for national use.

2001 Premier's Award *of* Excellence

Municipal Long Term Electricity Agreements

This regulation allowed municipalities to participate in the deregulation of electric power on an equal footing with the private sector. It came into force on April 19, 2000.

Extension of Linear Property

This regulation expanded the definition of linear property to include all electric power generation facilities except those generating electricity for a person's own use. Prior to this regulation, similar electric power generation property could be assessed and taxed in different ways. This regulation leveled the playing field by ensuring all electric power property is assessed and taxed in a consistent manner. It came into force on December 20, 2000.

Electrical Energy Generation Exemption

This regulation exempted all electric power generation facilities defined as linear property from education property tax to a level of 50 per cent. It came into force on December 20, 2000.

Municipal Government Act

The department reviewed various opportunities to restructure the *Municipal Government Act,* improve its readability, usefulness, and application in the short term, and lay the groundwork for a fundamental review in the future.

Freedom of Information and Protection of Privacy (FOIP)

Municipal Affairs developed criteria to initiate a process to update the FOIP Regulation. The revised *FOIP Guidelines and Practices Manual* was also issued in 2000 to replace the earlier version published in 1998. The updated manual reflects the amendments to the FOIP Act made in 1999, and it references key Orders and Investigation Reports issued by the Office of the Information and Privacy Commissioner.

Key Factors Influencing Performance

The Ministry and municipalities require better information systems to improve service efficiency, measurement and quality. As a result, the department is working with municipal partners on the Municipal Infrastructure Management System and the Assessment Shared Services (ASSET)/Permitting System.

Training needs for municipal fire and disaster services personnel continue to be a high priority for municipalities, as identified during the Minister's municipal forums in the summer of 2000. As a result, the department continued funding special initiatives for fire and disaster services training in 2000-01 under the Municipal 2000 Sponsorship Program.

The Pine Lake tornado and severe flooding in Woodlands County caused devastating damage and resulted in major emergency operation costs for the municipalities that responded. The department initiated disaster recovery programs to respond to these events.

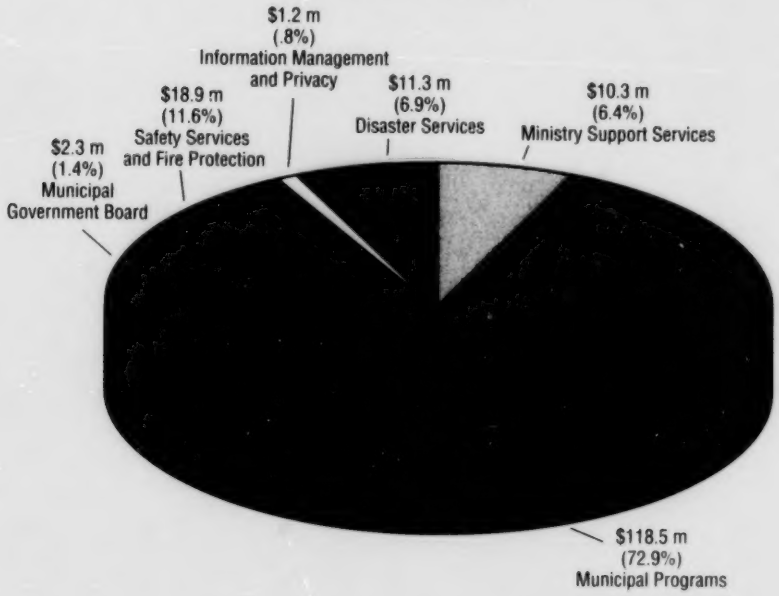
Albertans are increasingly concerned about environmental issues. As a result, the department introduced the Underground Petroleum Storage Tank Site Remediation Program to help municipalities and small fuel facility owners clean up contaminated sites.

Financial Highlights

	2001		
	Authorized Budget[1]	Actual	2000 Actual
		(thousands of dollars)	
Revenues	$ 14,186	$ 17,009	$ 20,206
Expenses	160,168	162,669	133,194
Loss on Disposal of Capital Assets	—	—	69
Net operating results	$ (145,982)	$ (145,660)	$ (113,057)
Capital Expenditures	$ 4,495	$ 1,082	$ 141

[1]Includes supplementary estimates approved on December 4, 2000.

Voted Program Expenses
for the year ended March 31, 2000
(millions of dollars)

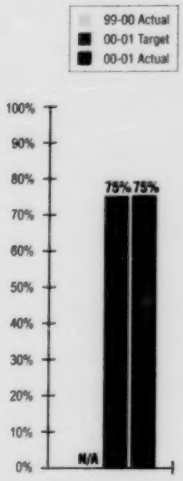


	2001	2000
	(thousands of dollars)	
Assets	$ 36,294	$ 34,794
Liabilities	$ 23,269	$ 10,584
Net Assets	$ 13,025	$ 24,210

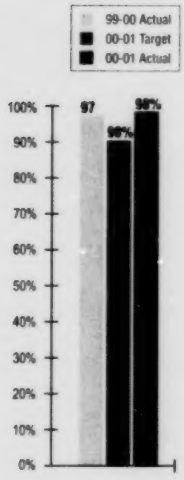
Performance Measures Highlights

(See Results Analysis section for details)

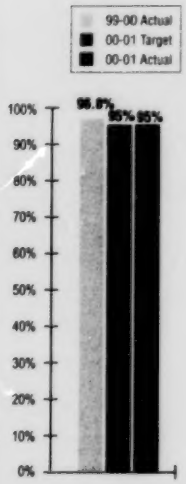
Satisfied with Local Government Services



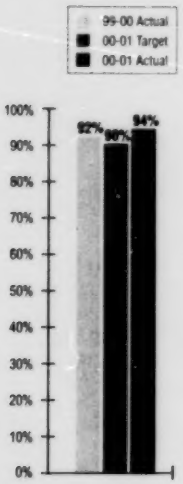
Financially Sustainable Municipalities



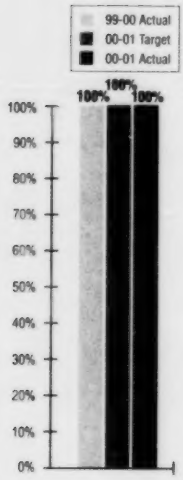
Assessment Rolls Meet Standards



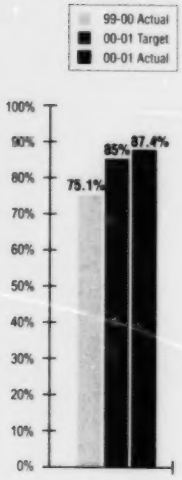
Satisfactory Administration of Safety Codes Act



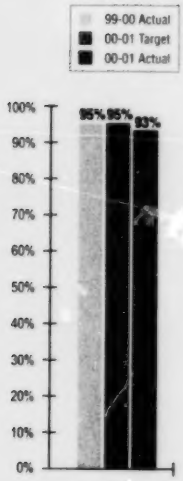
Disaster Claims within 30 Days



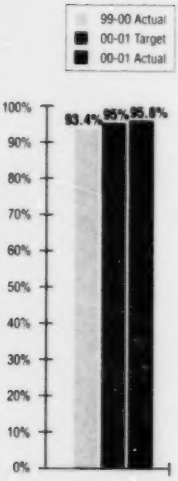
Emergency Preparedness Testing



FOIP Responses within Guidelines



FOIP Responses without Complaint



Results Analysis

Deputy Minister's Message

In 2000-01, Municipal Affairs realized the benefits of integrating the work of the Local Government Services Division and the Public Safety and Information Management Division. The department moved steadily forward in coordinating the services it provides to municipalities. One example of department-wide coordination is the Municipal 2000 Sponsorship Program, which traditionally funds municipal priority projects. In 2000-01, this program was also used to fund Public Safety's ground search and rescue training, and fire and disaster services personnel training.

Municipal Affairs was also involved in many other important initiatives during the year. Education property taxes were reduced by $135 million and frozen at $1.2 billion for subsequent years. These moves reduce the property tax bill for all Albertans in the 2001 tax year.

Regional partnerships among municipalities are increasing as a result of the department's Regional Partnerships Program, which encourages municipalities to work together to improve how they operate and deliver services. At least five regions in the province are currently involved in partnership initiatives and many more are poised to start working with their neighbours to serve their citizens better.

The department's Disaster Recovery Program was used extensively last year to help Albertans recover from two disastrous events: the Pine Lake tornado and the Woodland County floods. Municipalities and individual Albertans were provided with a total of more than $7 million to get back on their feet following these events.

Finally, the Underground Petroleum Storage Tank Site Remediation Program is worthy of note because it commits $80 million to help Albertans improve our environment. This major initiative helps municipalities and small retail fuel facility owners clean up sites contaminated by underground storage tanks.

These are just a few of the department's activities during 2000-01. Many other initiatives are underway and there are even greater challenges ahead as Municipal Affairs seeks new ways to respond to provincial growth and the demands it makes on municipal government. The department and its dedicated staff are ready to tackle the challenges and take advantage of the opportunities that lie ahead.

C.D. Radke
Deputy Minister
Ministry of Municipal Affairs

❖ Core Business 1

Goal 1: An effective, responsive, cooperative and well-managed local government sector

Results

- Launched the Regional Partnerships Initiative, which supports the government's Economic Development Strategy. Municipal Affairs is currently supporting the development of five new regional partnerships in the province, and others are under discussion. The goal is to improve service, create an atmosphere that is attractive to business and industry, meet the demands of growth, and enhance competitive advantages. The department collaborated with Alberta Economic Development to coordinate regional initiatives throughout the province.
- Developed a proposal for an Intra-municipal Dispute Resolution Initiative based on the positive results of three pilot projects. This initiative assists municipalities that volunteer to consider using alternative dispute resolution techniques in their internal processes.
- Continued to assist municipalities with inter-municipal disputes by helping resolve two disputes and providing consultation and assistance to 28 municipalities during 2000-01.
- Facilitated full municipal participation in the Alberta Capital Region Governance Review, which culminated in the release of *Setting the Stage for Strong Regions: Choices for the Future* in November 2000 and a final report to the Minister in February 2001.
- Provided advice on the provincial land-use planning system and on processing amendments to the Airport Vicinity Protection Area Regulations for the Edmonton and Calgary International Airports.
- Worked on a framework, in conjunction with the Alberta Urban Municipalities Association (AUMA) and the Alberta Association of Municipal Districts and Counties (AAMD&C), for the province and municipalities to jointly resolve major issues through the Roles and Responsibilities Initiative.
- Established a Municipal Excellence Program, in cooperation with municipalities, to develop information and materials to support self-evaluation and improvement through inter-municipal networking. Started working with municipalities to identify leading practices in administration and governance.
- Continued to develop and coordinate education and information services for municipalities that include training programs, and on-line information and workshops for elected officials, administrators, staff and related professionals.
- Worked on a program proposal to establish and operate a new Municipal Internship Program in consultation with the Local Government Administrators Association, the Alberta Rural Municipal Administrators Association, and the Society of Local Government Managers.

- Provided advice on governance, administration and management to local governments and associated local service delivery organizations.
- Provided management services to the National Park Improvement Districts.
- Continued negotiations between the Jasper Townsite Committee, Parks Canada and the province regarding the development of a specialized municipality for Jasper Townsite.
- Completed municipal restructuring studies for the villages of Entwistle, Warspite, Rockyford and Mirror, and for the summer village of South Baptiste.

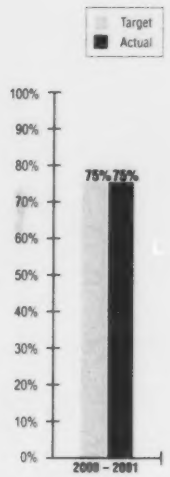
Performance Measure

Measure: Level of satisfaction with the Local Government Services Division's activities, programs, and legislative framework in enabling and promoting a cooperative and well-managed local government sector

Target: 75 per cent of the work units will meet their individual performance targets

Actual Result: 75 per cent of the work units met their individual performance targets

Client satisfaction with Local Government Services



Analysis

The actual result for the measure was 75 per cent (six of eight work units met their targets), compared to the target of 75 per cent. The 2000-01 results were compiled from a comprehensive and specific e-mail/web-based/telephone survey that sampled all stakeholders.

Because of the changes in the measure and methodology, the 2000-01 survey is a more accurate measure of satisfaction than survey results reported before this year. The 2000-01 research constitutes a baseline for comparing future survey results.

The results reflect a decline in satisfaction among municipalities with the services provided by the Assessment Services Branch. This branch has seen significant change over the last year in the areas of linear property assessment and equalized assessment. Though these changes are for the better and represent long-term gains in efficiency and equity, they have required municipalities to change some of their practices, resulting in a decline in their satisfaction. Many stakeholders were neutral in their responses to questions about the Linear Property Unit.

Goal 2: Financially sustainable and accountable municipalities

Results

- Administered several grant programs for municipalities. The department provided municipalities with $35.4 million through the Unconditional Municipal Grant Program, $29.2 million through the Grants in Place of Taxes Program, and $12.2 million through the Municipal Debenture Interest Rebate Program.
- Provided a total of $13.2 million to improve municipal government under the Municipal 2000 Sponsorship Program and restructured the program to include a 25 per cent bonus for projects involving inter-municipal cooperation. Funding was provided to 242 municipalities for a variety of projects involving computers, recreation, economic development, municipal buildings and other municipal priorities. Funding was also provided to 234 municipalities for fire services training and materials, 43 municipalities for disaster services training, and 22 municipalities for training ground search and rescue personnel.
- Provided grants of more than $14.4 million to 29 local authorities to help them address various municipal matters including:
  - $3.3 million to the AUMA and AAMD&C for the Title Mapping Project that will link land title information with the provincial base boundary map. This multi-year initiative will result in a more complete mapping base that municipalities, Alberta Registries, and others will be able to use to support their operations.
  - $500,000 to the AUMA to further develop the Municipal Infrastructure Management System. The AUMA continues to work with the AAMD&C and municipal administrators on this project.
  - $325,000 to the AUMA for the Open Window Initiative to develop electronic service channels with local governments. The AUMA also received $72,000 for the Shared Services Initiative to expand its web-based membership services to municipalities.

– Almost $7.5 million to the AUMA and AAMD&C to develop the Assessment Shared Services Environment (ASSET)/Permitting System that will provide municipalities with secure Internet access to assessment and building permit information. Also granted $1.4 million to the Safety Codes Council to help municipalities implement the new system.

– More than $313,000 to municipalities to help them adjust to changes in the classification of electric power generation systems and the assessment standards applied.

– Almost $600,000 to the University of Alberta to develop courses for the Local Government Certificate Program, continue and enhance the MuniMall activities, and develop and deliver election training seminars.

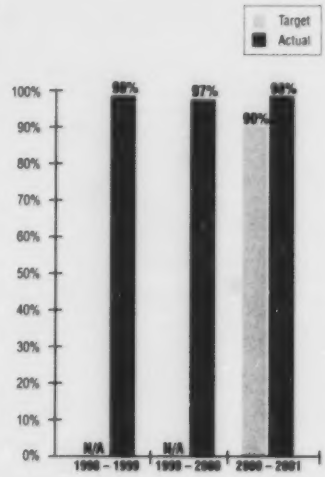
– $475,000 to various other municipal entities to undertake projects relating to municipal matters such as revenue sharing, mediation, and municipal operation and organization.

Performance Measure

Measure: Percentage of municipalities meeting the Ministry's criteria of financial sustainability

Target: 90 per cent
Actual Result: 98 per cent

Financially sustainable municipalities



Analysis

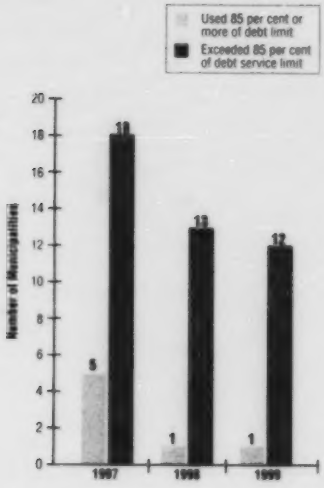
The Alberta Government works to ensure that municipalities are financially accountable by establishing legislated limits upon which the criteria for financial sustainability are based. Regularly not meeting the criteria or not addressing the associated problems may indicate viability issues.

Based on the 1999 data, 98 per cent of Alberta municipalities met the Ministry's criteria for financial sustainability exceeding the target of 90 per cent. This is similar to the results of the previous two years.

The results suggest a high level of financial management by Alberta municipalities as they live within their means, despite increasing pressure for expanded services.

In 1997, five municipalities had used 85 per cent of their debt limit, while 18 municipalities exceeded 85 per cent of their debt service limit. In 1998, only one municipality exceeded 85 per cent of its debt limit and 13 exceeded 85 per cent of their debt service limit. In 1999, only one municipality exceeded its debt limit and 12 municipalities exceeded 85 per cent of their debt service limit. From 1997 to 1999, there has been a general trend of improvement, with the year 1999 showing the best results to date.

Municipalities exceeding debt and debt service limits

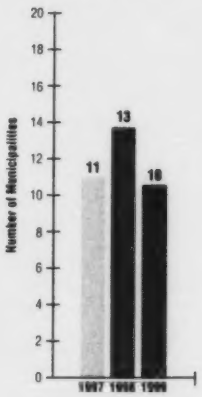


The improvements seen in the debt limit and debt service data collected for the measure may be attributed to a number of factors. Those factors are the reduced cost of municipal borrowing, coupled with shifts in municipal attitudes toward reduced borrowing to fund projects. As well, municipalities may be delaying projects for which municipal borrowing would be required. Furthermore, the calculations

of municipal debt service limits have improved due to assistance to municipalities from Municipal Affairs.

In 1997, 11 municipalities had deficits extending over a three-year period. In 1998, 13 municipalities had deficits extending over a three-year period. In 1999, 10 municipalities had deficits extending over a three-year period. The 1999 results show an improvement over the previous two years. The improvement shown in the area of municipal deficits may be attributable to municipalities becoming aware of their responsibilities for municipal deficit under the *Municipal Government Act*, as well as how they report under Schedule A of the Financial Information Return.

Number of municipalities with consecutive three-year deficits



Municipal Affairs continues to review municipal financial information and provide assistance and advice as required and requested.

❖ Core Businesses 1, 2, 3 and 4

Goal 3: The effective delivery of programs and services to support local governance, protection of privacy, public safety and emergency preparedness

Results

Local Governance (Core Business 1)

- Supported the MLA Committee on education property taxes. Assisted with consultations, developed and implemented the equalized assessment capping program for the 2000 tax year, and worked on a strategy for reducing education property taxes and determining revenue requirements. Announced a $135 million reduction in education property taxes for the 2001 tax year and a freeze on the education property tax requisition at $1.2 billion for subsequent years.
- Began implementing some of the recommendations from the Equalized Assessment Panel's report received in July 2000. One of the key recommendations is the Assessment Shared Services Environment (ASSET)/Permitting System, an Internet-based system to help municipalities better share and manage property assessment data and information on building permit and inspection activities. Use of this tool and integration of permitting and assessment data will significantly improve municipalities' ability to manage growth, prepare financial forecasts and deliver effective safety inspection services.
- Held eight one-day Assessment Review Board training workshops for more than 260 members of local assessment review boards, board administrative staff and other municipal officials. The department also updated and reworked its training manual in response to feedback received from participants of the previous year's sessions. By March 31, 2001, the program, which started in October 1999, had been delivered to more than 800 participants representing about 170 municipalities across Alberta.
- Identified some data discrepancies following the transition to Alberta Energy Utilities Board (EUB) records for calculating well and pipeline assessments in 1999. Municipal Affairs has been working with industry and the EUB to address this matter. Once these issues are addressed, the quality of data for calculating linear assessments will improve and the number of assessment appeals that are filed is expected to go down.
- Responded to a change in the definition of linear property. In the fall of 2000, this definition was changed to include all electric power generation facilities, except those that are generating electricity solely for a person's own use. In addition, education property tax levels for all of these electric power generation facilities were limited to a level of 50 per cent.

2001 Premier's Award of Excellence

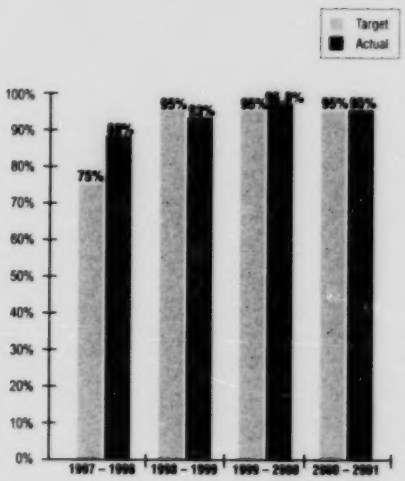
- Used innovative technology to ensure that Alberta's municipalities adhere to assessment quality standards. The department conducted annual statistical audits on all municipalities in the province and continued to perform detailed procedural audits. The audited information is used in the equalized assessment process and these calculations determine the education property tax requisition for each municipality in Alberta.
- Worked on a guidebook to educate stakeholders about what is expected when procedural audits are conducted. This guidebook will help to ensure that audits are performed consistently and without bias.
- Continued to provide technical support to the MLA committee reviewing farm property assessment issues.
- Continued to implement recommendations made by the MLA Industrial Review Committee. This includes updates to definitions, regulations, manuals and procedures for the assessment of regulated industrial property.
- Granted $50,000 to the Alberta Fire Training School to deliver training courses for safety codes officers.

Performance Measure

Measure: Percentage of municipal assessment rolls which meet the provincial standards for procedures, uniformity and equity

Target: 95 per cent overall compliance
Actual Result: 95 per cent overall compliance

Assessment rolls meet standards



Analysis

In 2000-01, 95 per cent of municipal assessment rolls met provincial standards for procedures, uniformity and equity, achieving the target. In comparing the result to the four categories that make up the measure, three of the four property categories met or exceeded the 95 per cent compliance target: improved residential, 95 per cent; improved non-residential, 98 per cent; and vacant non-residential, 96 per cent. The category of vacant residential at 91 per cent came close to the target of 95 per cent.

The results show that a vast majority of municipalities are achieving compliance with the *Municipal Government Act* and the quality standards in the Matters Relating to Assessment and Taxation Regulation.

Public Safety (Core Business 2)

- Developed and administered support and monitoring programs with specific achievement targets to assist partners involved in administering the *Safety Codes Act*. These partners performed satisfactorily.
- Expanded monitoring activities for delegated administrative organizations administering the *Safety Codes Act* and commenced the review of delegation regulations and administrative agreements.
- Administered the Underground Petroleum Storage Tank Site Remediation Program. $80 million is available under this program between October 1, 2000 and March 31, 2002 to improve the environment by removing potential sources of contamination of water, soil and the atmosphere caused by leaking underground petroleum storage tanks. During the first five months of operation, from November 1, 2000 to March 31, 2001, the program provided funding for 195 environmental site assessments and 117 clean-ups of contaminated sites.
- Coordinated the Municipal 2000 Sponsorship Program for fire and disaster services training. A total of 234 municipalities received grants for fire services training.
- Coordinated the Safety Codes Officer Training Initiative, a training program for municipal fire service personnel. During 2000-01, 30 one-day training courses and five, four-day courses were offered to approximately 300 fire service personnel at 19 locations throughout the province. The Safety Codes Council was also provided with $150,000 to develop and upgrade courses for safety codes officers.
- Worked with Alberta Human Resources and Employment to identify regulation overlaps related to worker health and safety. Also worked with Infrastructure and Transport Canada concerning the regulation of cargo transport vessels and anhydrous ammonia (farm) tanks.
- Assisted the Alberta Boilers Safety Association in eliminating the backlog of overdue inspections. Plans to eliminate the backlog by November 1, 2001 are on target.

- Continued to participate as members of policy and technical bodies at all levels. The Ministry's strong partnership with the Safety Codes Council and its nine technical councils continued with a number of consultations regarding the development of codes and standards. Relationships with national and international bodies such as the Canadian Standards Association and the National Research Council were also maintained and continue to be an integral part of maintaining high-level safety codes and standards.

- Developed and published a handbook and user guide for installing and maintaining private sewage disposal systems. This was achieved in partnership with the Safety Codes Council, Environment, Health and Wellness, municipalities and other stakeholders. Also worked with the Alberta On-Site Waste Water Association to enhance installer training and certification.
- Introduced and tested a new electronic method of reporting fire-loss incidents. The new method is expected to capture 60 per cent of all fire incidents in the province, and save data-entry time at the Fire Commissioner's Office. The remaining 40 per cent of statistics come from smaller fire departments that will continue to report manually.
- Assisted municipalities in the timely and accurate reporting of fire incidents through training and visits by field staff involved with municipal reviews. The bi-annual reviews indicate that a high percentage of fires are being reported as required by the *Safety Codes Act*. This increased the ability of the Fire Commissioner's Office to offer accurate and meaningful statistics to help municipalities develop fire protection master plans.
- Supported fire service professionals with advice on managing fire services and educating the public and media about fire protection. Among the key public education programs were Fire Prevention Week, Burn Awareness Week, and the summer and Christmas fire safety campaigns. These campaigns were promoted through partnerships with municipal fire departments and the media. Fire protection publications including *Alberta Fire News*, a newsletter published three times a year, kept the public and stakeholders abreast of current fire issues and trends in the province. A series of fire safety displays for various target audiences was also developed and used by schools, the Alberta Teachers' Association, the hospitality industry and others.

- Continued to promote the *Learn Not to Burn* and *Risk Watch* programs for children that provide fire safety information to teachers and fire services.
- Produced 220,000 fire escape worksheets with help from a corporate sponsor and distributed them to schools through fire departments. Prizes and awards for winning worksheets included batteries for smoke alarms, becoming fire chief for a day, and other locally determined gift options.

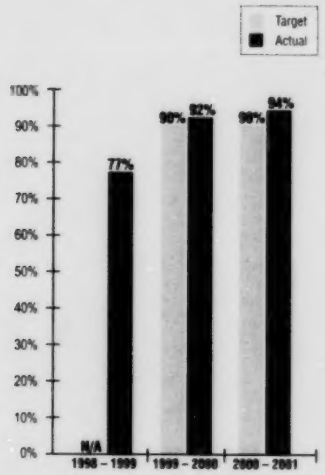
- Provided a $400,000 grant to the Alberta Fire Training School to assess the emergency service training needs in the province.

Performance Measure

Measure: **The percentage of accredited organizations administering the *Safety Codes Act* that achieve a satisfactory performance rating, as defined by the monitoring program**

Target: 90 per cent
Actual Result: 94 per cent

Satisfactory administration of the Safety Codes Act



Analysis

Safety Services exceeded its target in 2000-01 with a result of 94 per cent. This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations are effectively administering safety programs. The overall performance of each organization category is used to focus improvement efforts on the higher risk issues for the coming year. The performance of individual organizations is used on a routine basis to direct mentoring and other improvement activities throughout the year.

The continued improvement in performance of the organizations that were assessed is a direct result of risk-focussed mentoring and continuous improvement activities. Accredited municipalities continue to do better at administering the *Safety Codes Act*.

Authorized accredited agencies have once again performed well and shown increasing consistency in all areas. All 15 agencies under contract this year achieved a satisfactory rating. Increased emphasis on

contract compliance issues during the past year has resulted in some of the agencies that were under contract last year not renewing this year.

Accredited corporations have improved notably with all of the 61 organizations that were assessed achieving a satisfactory rating.

Emergency Preparedness (Core Business 3)

- Administered two widespread disaster recovery programs:

  2000 Pine Lake Tornado Program

  A tornado touched down in the Green Acres Resort and Campground in Pine Lake on July 14, 2000 and struck 25 farms in the immediate area leaving a 23-kilometre trail of destruction. More than half of the 635 trailers and recreational vehicles at the campground were destroyed or damaged. Twelve people were killed and 140 people were transported to hospitals. Three homes were destroyed, two dozen were damaged, barns and granaries were destroyed and damaged, and the lake and fields were filled with debris.

  The County of Red Deer managed recovery efforts according to its municipal emergency plan. Many responded to help including the provincial government, 29 search and rescue teams (more than 400 volunteers), 21 fire departments, nine ambulance departments, the RCMP, the army, and many local businesses and service agencies. Pine Lake was reopened to the public on August 1, 2000 after a massive clean-up operation.

  The province approved a disaster recovery program on July 25, 2000 to assist those in the direct path of the tornado who were impacted financially and to assist municipalities with emergency operation costs. Program costs are expected to be $6.8 million and the federal government will reimburse the province approximately $1.9 million under a federal cost-sharing arrangement.

  2000 Woodlands County Disaster Recovery Program

  Persistent rainstorms throughout Woodlands County on July 23 and 24, 2000 resulted in extensive overland flooding. The Freeman River and several creeks overflowed and flooded a number of homes, businesses and farms causing an estimated $115,000 in damage to these properties. Six families had to be evacuated, including one that had to be airlifted to safety. There was no loss of life and damage was kept to a minimum. Municipal Affairs initiated a disaster recovery program totalling approximately $800,000 to repair county infrastructure, pay for emergency operation costs, and compensate Albertans for uninsured losses.

- Coordinated the delivery of 61 disaster services courses by 42 municipalities. More than 1200 municipal officials and employees received training.

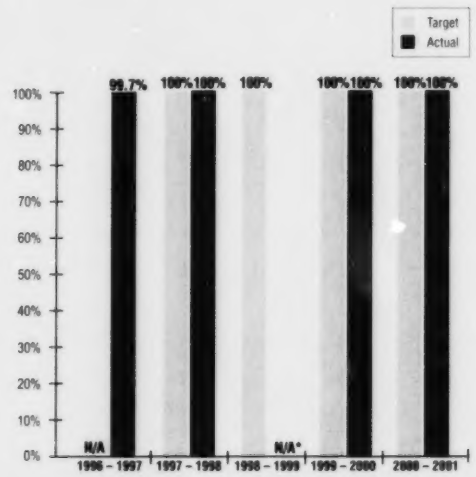
- Coordinated arrangements for delivering disaster services training funded by the Municipal 2000 Sponsorship Program. A total of 43 grants were approved in addition to 22 grants for search and rescue training.
- Established the Alberta Emergency Preparedness Partnership, an extension of the Y2K Alberta forum, to provide ongoing expertise and advice about disaster services initiatives in the province. The group includes more than 60 essential service providers, municipalities and provincial and federal government departments.
- Continued to work with municipalities and other partners to develop and test emergency plans and enhance emergency preparedness.
- Shared the lead for the Alberta pandemic influenza contingency planning process with Alberta Health and Wellness to ensure provincial preparedness to respond to and recover from an outbreak of pandemic influenza.
- Worked with Alberta Environment and other key department stakeholders to develop a comprehensive flood risk management strategy.
- Participated on the Alberta Energy Utilities Board's Public Safety and Sour Gas Advisory Committee, which evaluated existing sour gas policies, standards and regulations, and made 87 detailed recommendations to improve safety.
- Maintained resources and equipment in the Government Emergency Operations Centre (GEOC) so it can be activated on an hour's notice to coordinate responses to emergencies or disasters in the province. The GEOC was activated during the Pine Lake tornado and was partially activated to support exercises conducted by municipalities and other partners.
- Continued to work with the Office of Critical Infrastructure Protection and Emergency Preparedness (formerly known as Emergency Preparedness Canada) to review the Disaster Financial Assistance Arrangements with a view to achieving consistency in interpretation and delivery across the country. All provinces and territories undertook this review effort jointly.
- Maintained ongoing contact with a range of emergency preparedness partners including municipalities, health authorities, other provincial and federal departments, industry, and non-governmental organizations. This contact occurs in working groups around specific topics, in regional or issue-based discussion groups, and in routine liaison.

Performance Measures

Measure: Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received

Target: 100 per cent
Actual Result: 100 per cent

Disaster claims within 30 days



* As there were no disasters warranting the implementation of a disaster recovery program in 1998-99, there is no data to report on the measure for this year.

Analysis

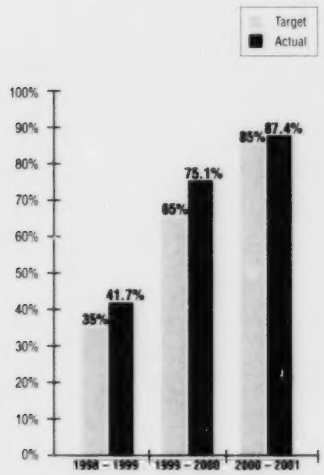
In 2000-01, damage assessment personnel assessed all claims within 30 days of receipt. This performance measure enables us to determine if we are responding promptly when Albertans have been devastated by a disaster and need help in recovering the loss of essential, uninsured items.

A disaster event is unique and it overwhelms existing resources. The practices and procedures established by the Disaster Services Branch ensure a prompt response to meet the needs of Albertans. This year's results indicate that the department has met its target for prompt response.

Measure: **Level of preparedness testing as measured by percentage of municipalities required to have emergency plans under the *Disaster Services Act*, that test their emergency plans through exercises within a four-year cycle**

Target: 85 per cent
Actual Result: 87.4 per cent

Emergency preparedness testing



Analysis

This year's result of more than 87 per cent indicates that the department is on target. The measure helps us confirm that we are working appropriately with municipalities to assist them in their emergency planning. While this may have been occurring previously, there was no way to confirm it.

Upon completion of this first four-year cycle next year, the measure needs to be re-evaluated for continuous implementation. This re-evaluation will be done during 2001-02, so a new measure will be in place for 2002-03. Areas for review may include, but will not be limited to, the number of years per cycle, the percentage per year, and standards for exercises.

Protection of Privacy (Core Business 4)

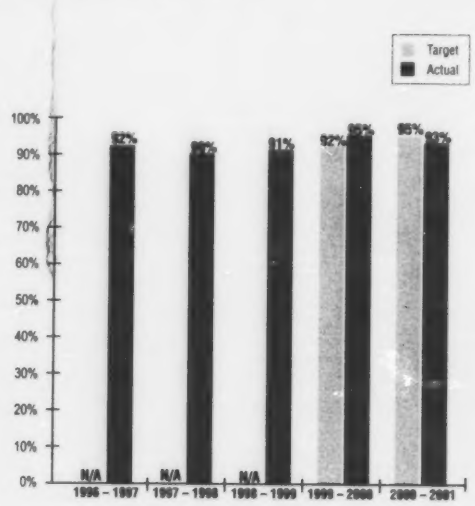
- Consulted with small businesses to assess the potential impact of the privacy provisions of the federal *Personal Information Protection and Electronic Documents Act.*
- Produced a revised Guidelines and Practices Manual, which was updated to reflect the amendments to the *Freedom of Information and Protection of Privacy Act* (FOIP) made in 1999.
- Redesigned the FOIP web site to add key materials and advanced search capabilities.

Performance Measures

Measure: Timeliness of compliance to the access provisions of FOIP, as measured by the percentage of FOIP requests completed by government public bodies within legislative guidelines

Target: 95 per cent
Actual Result: 93 per cent

FOIP responses within guidelines



Analysis

The actual result for 2000-01 was 93 per cent, just short of the 95 per cent target.

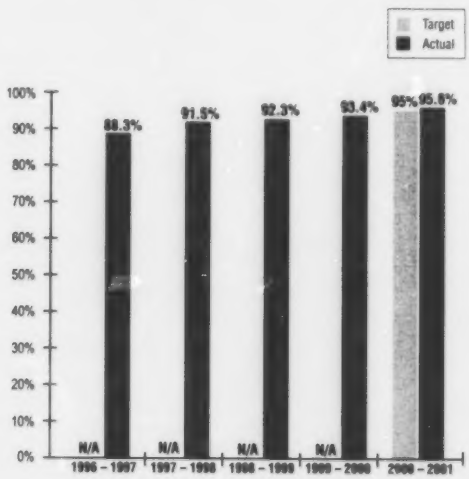
Government public bodies have consistently completed FOIP requests in 60 days or less for more than 90 per cent of all FOIP requests. This measure provides evidence that government public bodies are complying with the FOIP legislation and affirms that the public has effective access to information in Alberta.

The performance measure has been revised for 2001-02, to the original measure of requests completed by government public bodies in 60 days or less. The target remains at 95 per cent.

Measure: Satisfaction with the FOIP program as measured by the percentage of FOIP requests completed by government public bodies that are handled without complaint to the Office of the Information and Privacy Commissioner

Target: 95 per cent
Actual Result: 95.6 per cent

FOIP responses without complaint



Analysis

The actual result for 2000-01 was 95.6 per cent, exceeding the target.

Financial Results

The Statement of Operations reports an original 2000-01 operating budget for voted expenses of $141.935 million. On December 4, 2000, supplementary operating estimates of $18.233 million were approved. The original budget plus the approved supplementary estimates equals the Ministry's 2000-01 authorized operating budget.

The Ministry's original capital budget amounts to $.955 million. On December 4, 2000, supplementary capital estimates of $3.540 million were approved. The original budget plus the approved supplementary estimates equals the Ministry's 2000-01 authorized capital budget.

These budget details are reported on Schedule 4 (page 77 of the annual report) to the financial statements.

The following schedule compares the 2000-01 voted actual expenses against the Ministry's authorized budget (Schedule 5 to the financial statements on page 78 of the annual report provides a further breakdown):

	2001			
	Original Budget	**Authorized Budget**	**Actual**	**Change**
	(thousands of dollars)			
Operating				
Ministry Support Services	$ 8,086	$ 8,086	$ 10,339	$ (2,253)
Municipal Programs	112,629	120,629	118,458	2,171
Safety Services and Fire Protection	16,025	16,425	18,892	(2,467)
Disaster Services	2,279	12,112	11,265	847
Information Management and Privacy	1,069	1,069	1,220	(151)
Municipal Government Board	1,847	1,847	2,285	(438)
	141,935	**160,168**	**162,459**	**(2,291)**
Capital				
Ministry Support Services	125	125	93	32
Municipal Programs	830	2,830	989	1,841
Disaster Services	-	1,540	-	1,540
	955	**4,495**	**1,082**	**3,413**
Total	**$142,890**	**$164,663**	**$163,541**	**$ 1,122**

The approved 2000-01 supplementary estimates are as follows:

	(thousands of dollars)
Operating	
Disaster claims as a result of the Pine Lake Tornado	$ 9,525
Grants to local authorities for developing a system to collect assessment and building permit data	8,000
Grant to the Alberta Fire Training School to assess fire and emergency service training requirements within the province	400
Amortization costs related to the planned purchase of equipment for the Emergency Public Warning System	308
	18,233
Capital	
To fund development costs for a system to collect assessment and building permit data	2,000
Purchase of equipment for the Emergency Public Warning System	1,540
	3,540
Total	**$ 21,773**

The 2000-01 operating and capital expenses of $163.541 million came in under the authorized operating and capital budget of $164.663 million by $1.122 million or 0.7 per cent.

The Municipal Programs surplus capital budget of $1.841 million was largely due to the deferral of several projects and the provision of increased operating funding rather than capital to local authorities, related to the Assessment Shared Services Environment (ASSET)/ Permitting System. The Disaster Services surplus capital budget of $1.540 million was due to equipment, required for the Emergency Public Warning System, not being available for purchase before year end.

Ministry Support Services 2000-01 expenses of $10.339 million exceeded its $8.086 million authorized budget by $2.253 million or 27.9 per cent. Internal budget reallocations were made by management to meet the needs of the Ministry's information technology projects that were previously paid for by other programs and the resulting impact from the May 1999 government reorganization. The Ministry Support Services 2000-01 expenses increased by $0.736 million or 7.7 per cent over the 1999-2000 actual expenses of $9.603 million. This increase is largely due to general manpower increases such as achievement bonuses, annual staff increments and the filling of vacant positions.

Municipal Programs 2000-01 expenses of $118.458 million came in under the authorized budget of $120.629 million by $2.171 million or 1.8 per cent. This $2.171 million budget surplus is the sum of the program elements reported on Schedule 5 to the financial statements (excluding capital). The unexpended dollars reported on Schedule 5 to the financial statements for Municipal Programs were used to fund the over-expended elements as follows:

Financial Support to Local Authorities	(thousands of dollars)
Grants to municipal associations for title mapping (a project which will link land titles information with the provincial base map)	$ 3,300
Grants to the University of Alberta for 2001 election (to provide training for returning officers) and development of local government courses and MuniMall (purpose of MuniMall is to provide electronic access to learning materials, government documents, and other resources)	563
Grant to Alberta Urban Municipalities Association (AUMA) for the Municipal Infrastructure Management System (to assist municipalities in obtaining accurate information in comparable form on the condition, utilization, and functionality of their existing infrastructure)	500
Grants to the AUMA and municipalities for the Open Window Initiative (to create a framework for developing a virtual community and services to be accessed by local governments and their citizens)	325
Transitional grants to municipalities impacted by the assessment changes related to electric power generation facilities	313
Various other grants	917
Municipal 2000 Sponsorship	
Increase largely due to a $975,000 special initiatives grant for fire and disaster services training for municipalities. In addition, participation in the regular program increased with the payment of a 25 per cent bonus for inter-municipal projects.	1,190
	$ 7,108

The Municipal Programs 2000-01 expenses increased by $15.581 million or 15.1 per cent over the 1999-2000 actual expenses of $102.877 million. The increase largely relates to general manpower increases, the $8 million supplementary estimate approved in 2000-01 and increased grant expenses, as cited above.

Safety Services and Fire Protection had expenses of $18.892 million in 2000-01, exceeding its $16.425 million authorized budget by $2.467 million or 15 per cent. Internal budget reallocations were made by management to meet the increased grant payments under the Underground Petroleum Storage Tank Site Remediation Program and the increased spending needs resulting from the move of all Edmonton program staff to the Commerce Place building.

The 2000-01 expenses increased by $12.878 million or 214.1 per cent over the 1999-2000 actual expenses of $6.014 million. The increase is largely due to the new Underground Petroleum Storage Tank Site Remediation Program where $11.4 million was expended in 2000-01. In addition, $400,000 was approved as a supplementary estimate for a grant to the Alberta Fire Training School.

Disaster Services had expenses of $11.265 million in 2000-01. This was under the authorized budget of $12.112 million by $847,000 or 7 per cent. The 2000-01 expenses decreased by $138,000 or 1.2 per cent over the 1999-2000 actual expenses of $11.403 million. The majority of the 2000-01 expenses relate to disaster claims and related administrative costs arising from events occurring in 2000-01 (e.g. Pine Lake tornado).

Information Management and Privacy had expenses of $1.220 million in 2000-01 exceeding its $1.069 million budget by $151,000 or 14.1 per cent. Internal budget reallocations were made by management to fund a $100,000 grant to the University of Alberta for the development of an access and privacy course. A $60,000 contract relating to the consultation with business groups regarding the federal private sector privacy legislation was also approved by management. The 2000-01 expenses increased by $237,000 or 24.1 per cent over the 1999-2000 actual expenses of $983,000. The increase is largely due to general manpower increases and the reasons cited previously.

The Municipal Government Board's 2000-01 expenses of $2.285 million exceeded its $1.847 million budget by $438,000 or 23.7 per cent. Internal budget reallocations were made by management to respond to a greater volume of increasingly more complex assessment appeals and the need to maintain a hearing facility in Calgary. The 2000-01 expenses increased by $243,000 or 11.9 per cent over the 1999-2000 actual expenses of $2.042 million for the same reasons cited previously.

The valuation adjustments reported on the Statement of Operations include the provision for bad debts on those accounts receivable where the collection is in doubt. They also include the provision for vacation pay, which reflects the year over year change in the Ministry's obligation to its employees for the value of their accumulated vacation entitlements.

The 2000-01 revenues of $17.009 million exceeded the $14.186 million budget by $2.823 million or 19.9 per cent (Schedule 1 to the financial statements on page 74 of the annual report provides a further breakdown). The increase of $1.8 million in transfers from the Government of Canada is largely due to the estimated recovery of disaster claims paid as a result of the Pine Lake Tornado. The increase of $829,000 in other revenue is largely due to expense over-accruals of prior years. The 2000-01 revenues have decreased by $3.197 million or 15.8 per cent from the 1999-2000 actuals of $20.206 million. This was primarily due to a large expense over-accrual being reported in 1999-2000.

Future Challenges

Alberta's strong economic growth is projected to continue for the foreseeable future. While growth is positive for the province, it has resulted in increased pressure on municipalities to sustain services, maintain infrastructure and meet the demands for new development.

The growth and development municipalities are experiencing is also increasing pressure on Alberta's public safety system. Maintaining readiness for a broadening array of potential community emergencies and the need to sustain and enhance activities under the *Safety Codes Act* are challenges that municipalities and the Ministry will meet together. Increasing environmental awareness will also have a growing impact on many aspects of the public safety system.

To open up areas for new housing and development, municipalities are required to invest money in municipal services such as roads, lighting, water and wastewater. Although municipalities generally recapture the cost of initial development through development levies and property taxes over time, a significant up-front investment is still required. This is further compounded by the need to replace, upgrade and maintain existing infrastructure—much of which was developed through major provincial infrastructure programs 20 to 30 years ago.

It must also be recognized that the benefits of growth have not been shared equally throughout the province. While some municipalities are financially stable, others have financial concerns. This is especially true of rural municipalities with a primary tax base in the agricultural sector and small urban municipalities in those same areas.

Increasing financial disparity between "have" and "have-not" municipalities will lead to a renewed call for additional funding from the province. While the province has heeded the call with one-time funding initiatives, a more sustainable approach to municipal funding needs to be considered.

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Municipal Affairs' key performance measures included in the *2000-2001 Annual Report of the Ministry of Municipal Affairs* as presented on pages 47 to 60.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations which converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit, and therefore I express no opinion on the key measures included in the *2000-2001 Annual Report of the Ministry of Municipal Affairs.*

Peter Valentine FCA
Auditor General

Edmonton, Alberta
September 11, 2000

Goal 1: An effective, responsive, cooperative and well-managed local government sector

Performance Measure

Level of satisfaction with the Ministry's activities, services, programs, and legislative framework in enabling and promoting a cooperative and well-managed local government sector

Relevance of Measure to Goal

The satisfaction and participation rates of stakeholders are a strong indicator of stakeholder satisfaction with Municipal Affairs' activities, services, programs and legislative framework. Such activities, services, and programs enable and promote an effective, responsive, cooperative and well-managed local government sector.

Targets

2000-01: Target—75 per cent
Actual—75 per cent

Data Source

The stakeholder satisfaction survey data for the measure is drawn from questions of overall satisfaction contained in a Municipal Affairs satisfaction survey.

The performance measure analyzes attainment of established targets for each of the eight units of the Municipal Services and the Assessment Services branches of the Local Government Services Division.

Methodology

The Survey

A private sector firm conducted a comprehensive and specific e-mail/web-based/telephone survey of all identified stakeholders. The survey measured stakeholder overall satisfaction with each of Local Government Services' work units.

To enable comparison of the results across the various client groups, standard questions were asked of all client groups receiving the same types of service. Chief administrative officers (CAOs), chief elected officials (CEOs), municipal assessors, chief financial officers (CFOs) and delegated administrative organizations (DAOs) were surveyed.

Each survey question result is tabulated by respondent (e.g. CEO, CAO or assessor). The data is summarized for each question. Any response of "somewhat satisfied" and "very satisfied" is counted as a satisfied response for the performance measure.

Specified Audit Procedures

The Measure

The measure was calculated based on the percentage of the work units within Local Government Services that achieved their performance targets. The performance targets for each unit were based on benchmarks of previous years' performance. The performance targets were derived from surveys using the former measure, which this measure has replaced. The target for the measure was that 75 per cent of the units would meet their targets. The performance targets used in calculating overall performance are outlined below.

Local Government Services Unit	Target by Unit	Result Attained	Met Target (Yes/No)
Local Government Issues Unit	80 per cent overall satisfaction	86 per cent	Yes
Legislative Projects Unit	80 per cent overall satisfaction	83 per cent	Yes
Planning and Coordination Unit	80 per cent overall satisfaction	81 per cent	Yes
Grants and Administration Unit	90 per cent participation in Municipal 2000 Sponsorship Program	93 per cent	Yes
Linear Property Assessment Unit	65 per cent overall satisfaction	58 per cent	No
Assessment Audit Unit	65 per cent overall satisfaction	76 per cent	Yes
Assessment and Property Tax Policy Unit	70 per cent overall satisfaction	72 per cent	Yes
Education Tax and Equalized Assessment Unit	74 per cent overall satisfaction	73 per cent	No
Percentage of Units Meeting their Targets	75 per cent of the units meet their targets	75 per cent	Yes

Goal 2: Financially sustainable and accountable municipalities

Performance Measure

Percentage of municipalities meeting Ministry's criteria for financial sustainability

Relevance of Measure to Goal

The source for the measure is the *Municipal Government Act* (MGA). The MGA does not contain a definition of "financial sustainability and accountability." However, there are legislated limits that, if consistently exceeded, would indicate major financial management stress if not failure. These include:

- **Section 244**: sets a criterion that if the sum of the three previous years' operating results places the municipality in a deficit position, the problem has to be rectified in the fourth year
- **Section 252**: sets limits on municipal debt in two ways (debt and debt service)
- **Section 278**: obligates the municipality to submit standard financial reports and financial statements by defined dates
- **Section 282**: provides the Minister with powers to appoint an auditor to review the financial affairs of the municipality

Exceeding any one of the limits does not necessarily imply a lack of accountability. A pattern of problems with exceeding the limits regularly or not addressing the associated problems proactively may indicate financial or other viability issues.

The key criteria of the measure are based on legislation contained within the MGA. The measure is calculated based on a point-system weighting of the criteria. Municipalities exceeding a set point limit are considered not to have met the criteria for municipal sustainability. The scoring system used serves as a proxy measure for financial accountablility. Scores of 100 points or more are a solid indicator of viability issues.

Targets

These results are reported based on a calendar year. Due to the nature of the reporting, the results are from the calendar year prior to the fiscal year in which they are reported (e.g. for 2000-2001 annual reporting, Municipal Affairs reports on the municipalities' results for the 1999 calendar year).

2000-01: Target—90 per cent
Actual—98 per cent

1999-00: Target—Historical data
Actual—97 per cent

1998-99: Target—Historical data
Actual—98 per cent

Data Source

The data used for this measure is drawn from two sources within the department: the Local Government Issues Unit and the Grants and Administration Unit. The information drawn from the Local Government Issues Unit relates to sections 244, 252 and 282; the information drawn from the Grants and Administration Unit relates to section 278.

Methodology

The data is compiled in spreadsheet form. Predefined demerit points are assessed for exceeding the 16 defined criteria limits under each section of the Act.

Goal 3: The effective delivery of programs and services to support local governance, protection of privacy, public safety and emergency preparedness

Performance Measure

Percentage of municipal assessment rolls which meet the provincial standards for procedures, uniformity and equity

Relevance of Measure to Goal

This performance measure is a statistical indicator of the overall level of compliance with the assessment quality standards in the Matters Relating to Assessment and Taxation Regulation of the *Municipal Government Act* (MGA).

The department's role is to verify the assessment levels reported by municipalities and monitor the quality of property assessments they carry out to ensure that a municipality's assessment is a fair basis for inter-municipal cost-shared programs, such as education. This function helps to ensure fair and equitable assessments and promote taxpayer confidence. These assessments are used as a basis for funding local government and cost-shared programs, including the provincial education tax.

Further, the department monitors municipal assessment quality to ensure that assessments are distributed fairly within municipalities. Increasing trends over time will demonstrate the department's effectiveness in improving the system. This is important in an environment where the preparation of assessments has been decentralized and is now performed by municipal employees and contractors. It supports the government's goal to build on the Alberta Advantage because an efficient and uniform assessment base within municipalities promotes a climate conducive to investment, wealth generation and job creation.

The objective of the annual audit is to verify whether municipal assessments meet regulated quality standards.

Targets

2000-01: Target—95 per cent
Actual—95 per cent

1999-00: Target—95 per cent
Actual—96.5 per cent

1998-99: Target—95 per cent
Actual—93 per cent

1997-98: Target—75 per cent
Actual—88 per cent

Data Source

Under the annual Assessment Audit Program, Municipal Affairs communicates assessment standards, audits municipal assessments to determine compliance with the standards, and verifies the assessment levels used to prepare the equalized assessment.

No later than April 1 of each year, all municipalities are required to supply assessment-to-market ratios and supporting assessment and sales data in a standard format. The Assessment Audit Unit then performs a statistical analysis to verify whether municipal assessments meet regulated quality standards.

Methodology

Each municipality calculates assessment ratios of assessment value to market value (sale price or indicator of market value) for all properties sold that fall in any of the four property categories (improved residential, vacant residential, improved non-residential, and vacant non-residential) as provided in the Assessment Audit 2000 Annual Report.

All the ratios within a property category are ranked and the median is determined. Each median is then weighted by its respective total assessed value for that property category and a weighted mean of the four categories is calculated and expressed as a percentage.

Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.90 and 1.10.

Performance Measure

The percentage of accredited municipalities and corporations, authorized accredited agencies, and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory performance rating as defined by the monitoring programs

Relevance of Measure to Goal

Safety Services is developing a partnership of municipalities and organizations trained and accredited to administer the *Safety Codes Act*. This measure promotes continuous improvement of the effectiveness and uniformity of services delivered by accredited municipalities, accredited corporations, authorized accredited agencies in non-accredited municipalities and delegated administrative organizations (DAOs).

Accredited municipalities deliver construction permit and safety inspection services within their municipal jurisdictions. Services may be delivered by the accredited municipality directly or through contracts with accredited agencies. Accredited agencies deliver construction permit and safety inspection services under contract with Municipal Affairs in non-accredited municipalities. They may also contract to deliver services on behalf of accredited municipalities or accredited corporations.

Four DAOs administer the *Safety Codes Act* and Regulations province-wide within the bounds of their delegated authority and technical expertise: the Alberta Boilers Safety Association, the Alberta Elevating Devices and Amusement Rides Safety Association, the Alberta Propane Vehicles Administrative Organization and the Petroleum Tank Management Association of Alberta.

Accredited corporations are responsible for safety codes compliance inspections within their corporate boundaries. They employ safety codes officers or contract with accredited agencies to perform inspections.

The department has developed and implemented quality management plans that specify performance requirements and monitoring procedures to determine compliance with the requirements. Accredited agencies are monitored/assessed on a quarterly basis while DAOs are audited on an annual basis.

Targets

The Ministry system for monitoring and assessing the administration of the *Safety Codes Act* by accredited organizations was developed and a baseline was established in 1998-99.

2000-01: Target—90 per cent
Actual—94 per cent

1999-00: Target—90 per cent
Actual—92 per cent

1998-99: Target—n/a
Actual—77 per cent

The target for this measure will increase over the next few years to 95 per cent in 2002-03

Data Source

The two regional services managers in the Safety Services Branch are responsible for ensuring all organizations are assessed on a revolving basis. A minimum of 80 per cent of accredited municipalities and accredited corporations are monitored/assessed annually. Accredited municipalities and corporations are selected for assessment based on their past performance (lower levels of achievement being the highest priority), the likelihood of the organization having difficulty complying with requirements due to such things as staff turnover or low volumes of activity, and requirements for follow-up on improvement efforts stemming from previous assessments and mentoring. Any organization at 70 per cent or less is assessed every year.

All authorized accredited agencies under contract with the department are assessed quarterly and all DAOs are assessed annually. Accredited agencies under contract with municipalities and corporations are further assessed indirectly through the assessments of these organizations. Specific checklist items address agency issues with these organizations.

Accredited organizations are assessed throughout the year using a standard checklist designed for each type of organization. A separate checklist is completed for each discipline in which the organization is accredited.

Methodology

Data gathered using the standard checklists is entered manually into linked databases for each type of organization. Due to the small number of DAOs (four), all their assessments are processed manually. Data is transferred electronically from the remote offices to a central design master managed and controlled by the department.

The performance measure is computed by calculating a score for each completed checklist based on the percentage of satisfactory responses to checklist questions. The checklist scores for each organization are then averaged to produce an overall score for the organization. The percentage of overall scores that meet or exceed the 70 per cent minimum standard is computed for each type of organization. This percentage of satisfactory performance for each type of organization is then weighted according to the number of organizations assessed and combined with that of the other organizations to produce the key performance statistic.

Performance Measure

Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received

Relevance of Measure to Goal

By measuring the percentage of eligible claims where a damage assessor (evaluator) arrives on the site within 30 days of receipt of the application, the branch can gauge success in responding quickly to Albertans who have experienced a disaster or major emergency.

When a widespread disaster occurs, the branch starts with an initial assessment. Staff members advise the Minister on the potential for a disaster recovery program, its recommended geographical boundaries and any proposed exclusions and limitations to compensation. Private sector program administrators are alerted to the possibility of a program requiring their services.

On approval by the Minister, program administration personnel establish an office in the affected area and provide public notice of program approval and guidelines/venues for application.

Evaluators receive applications and assign priority to those in greatest need. In many cases, the evaluator is on the scene the next day. Regardless of caseload, the target is to be on the scene within 30 days of receipt of all applications.

Targets

2000-01: Target—100 per cent
Actual—100 per cent

1999-00: Target—100 per cent
Actual—100 per cent

1998-99: Target—100 per cent
Actual—n/a*

1997-98: Target—100 per cent
Actual—100 per cent

1996-97: Target—n/a
Actual—99.7 per cent

* As there were no disasters warranting the implementation of a disaster recovery program in 1998-99, there is no data to report on the measure for this year.

Data Source

The disaster recovery database has been in use since July 1995. It tracks all applications received and any activities related to the processing of each application made under a disaster recovery program.

Methodology

The database is used to identify the number of eligible disaster recovery applications and to determine if an evaluator has arrived on the site within 30 days of receipt of an application. For the Pine Lake Program in 2000, because individual site visits were not required, the date the application was received and the date of evaluation were used.

Eligible applications are those that fall within the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible.

The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criteria divided by the total number of eligible applications.

The 2000 Pine Lake Tornado Disaster Recovery Program differed from the typical disaster scenario in that a site visit was not required. Instead the program administrators initiated the first contact by utilizing mailing lists of the individuals affected by the tornado. Individuals who were not initially identified as being affected by the tornado had the opportunity to contact the program administration office through a toll-free disaster recovery event line. Contact details were collected from these callers and if the callers appeared to meet the program criteria, claim packages were forwarded to them.

Performance Measure

Level of preparedness testing as measured by percentage of municipalities, required to have emergency plans under the *Disaster Services Act*, that test their emergency plans through exercises within a four-year cycle

Relevance of Measure to Goal

The *Disaster Services Act* assigns most of the responsibility and authority for response to emergencies and disasters to the local municipal level of government. The Act specifies the powers of a local authority available during a time of emergency or disaster and the structure and preparedness actions that a municipality is obliged to have completed.

The Act recognizes that some local municipal government organizations do not have sufficient resources to meet all of the obligations for structure or preparedness actions (e.g. a hamlet), so the Act defines which forms of local government are included under the Act.

Under the Act, each local authority "shall prepare and approve emergency plans and programs" (Paragraph 8g). These municipal emergency plans represent the recorded preparations of the municipality to respond to a disaster or emergency.

In any given year, a municipality is considered to have tested its plan if it conducts a desk-top or simulated exercise to ensure the plan's effectiveness. In addition, if a municipality experiences an actual event in which the municipal emergency plan is activated, it is deemed to have tested the plan.

Targets

This performance measure is designed to ensure that all of the municipalities covered under the Act are provided the assistance required to test their municipal emergency plans on a four-year cycle.

When the performance measure was first devised, it was recognized that different levels of preparedness were evident across municipalities, and that some municipalities would require more assistance than others to be prepared to have their municipal emergency plan exercised. Therefore, while normally it would be expected that the measure would have been evenly distributed at 25 per cent of the municipalities per year, more than 25 per cent was targeted for each of the first two years in the cycle. This permitted the disaster services district officers to test the well-prepared municipalities first, while helping the lesser-prepared municipalities to get appropriate plans in place.

The target was therefore established as follows:

Year 1	1998-99:	Target—35 per cent Actual—41.7 per cent
Year 2	1999-00:	Target—65 per cent Actual—75.1 per cent
Year 3	2000-01:	Target—85 per cent Actual—87.4 per cent
Year 4	2001-02:	Target—100 per cent

Data Source

The source for the data on this measure is a quarterly report submitted by the six district officers. The fourth quarter report is used to extract the actual number of municipalities that have tested their plans in the current year, either through a coordinated exercise or an actual event, that have not previously exercised in the current four-year cycle. This report contains other data, such as visits, plan reviews, workshops and Joint Emergency Preparedness Partnership grants.

Methodology

The Director of Community Programs maintains a four-year cumulative report by district to verify if the event or exercise represents the required test for the municipality or if it is a repeat test. Once the four-year cumulative report by district is updated, a simple sum of the six districts is calculated and then divided by the total number of municipalities to produce a percentage.

Performance Measure

Timeliness of compliance to the access provisions of the *Freedom of Information and Protection of Privacy Act* (FOIP), as measured by the percentage of FOIP requests completed by government public bodies within legislative guidelines

Relevance of Measure to Goal

This measure provides evidence that the government is complying with the FOIP Act. It also affirms effective access to information.

Targets

The FOIP Act stipulates that a public body must make every reasonable effort to respond to a request within 30 days. The Act also provides for time limit extensions and requires consultation with third parties in specific circumstances.

Year		Total requests	Completed in 60 days	Percentage
2000-01	Target			95%
	Actual	2105	1951	93%
1999-00	Target			92%
	Actual	1921	1828	95%
1998-99	Actual	1526	1396	91%
1997-98	Actual	1222	1101	90%
1996-97	Actual	1209	1117	92%

A government public body cannot always meet the performance measure for completing a request in 60 days or less. There are sections in the FOIP Act that prohibit a public body from completing a request within that time frame under certain circumstances. For example, requests that require third-party consultation may often exceed 60 days because the public body must notify the third party and review provisions specified in Section 30 of the FOIP Act.

Data Source

Each public body, including government departments, Executive Council, the Legislative Assembly Office, the Office of the Auditor General, the Ombudsman, the Chief Electoral Officer, the Ethics Commissioner, the Information and Privacy Commissioner and agencies, boards, and commissions designated in the FOIP Regulation is required to submit a quarterly statistical report to the Information Management and Privacy Branch (IMPB). A total of 71 public bodies reported as of March 31, 2001.

Public bodies track FOIP requests manually, or use the FOIP Request Tracking System (FOIP RTS) provided by IMPB.

Methodology

Government public bodies not using the FOIP RTS submit manual reports. Block 5 of the Instructions for Completing the Requests Statistics Form (March 2001) relates to completion time. This section of the form covers the number of calendar days taken to process the FOIP request. It normally includes the basic 30 days allowed to process a request as well as any extensions. Public bodies report the number of requests completed within "30 days or under," "31 to 60 days," and "over 60 days." The first two categories are added together for this measure. Fiscal year data is derived by summing quarterly data.

FOIP RTS users submit the IMPB Statistical Report. The same information is reported as on the manual form and the same categories are summed.

Quarterly statistical reports are verified when submitted. The verification process ensures that the reports balance and are consistent with the previous report submitted. The annual data is tabulated by summing the quarterly submissions and the reports that are generated are submitted to each of the government public bodies for verification. FOIP RTS users generate an annual report and submit it to IMPB.

The number of requests reported as being completed by all government public bodies in "30 days or under" and "31 to 60 days" are combined and reported against the total number of requests completed. The formula is:

$$\frac{\text{(\# of requests completed in 30 days or less)} + \text{(\# of requests completed in 31-60 days)}}{\text{\# of requests completed}}$$

Until 1999-2000, this performance measure reflected the percentage of FOIP requests completed by government public bodies in 60 days or less. For 2000-2001, the measure was changed to the percentage of FOIP requests completed within legislative requirements. Data is not available for this new measure, so data has been reported measuring the percentage of FOIP requests completed by government public bodies in 60 days or less to be consistent with the data reported in previous years.

Performance Measure

Satisfaction with the FOIP program as measured by the percentage of FOIP requests completed by government public bodies that are handled without complaint to the Office of the Information and Privacy Commissioner

Relevance of Measure to Goal

The calculation is an indication of satisfaction with the FOIP program by users of the process.

Targets

Year		Total requests	Completed in 60 days	Percentage
2000-01	Target			95.0%
	Actual	2161	96	95.6%
1999-00	Actual	1947	128	93.4%
1998-99	Actual	1586	122	92.3%
1997-98	Actual	1248	106	91.5%
1996-97	Actual	1270	148	88.3%

Data Source

Each public body, including government departments, the Executive Council, the Legislative Assembly Office, the Office of the Auditor General, the Ombudsman, the Chief Electoral Officer, the Ethics Commissioner, the Information and Privacy Commissioner and agencies, boards, and commissions designated in the FOIP Regulation is required to submit a quarterly statistical report to Information Management and Privacy Branch (IMPB). A total of 71 public bodies reported as of March 31, 2001.

Public bodies track FOIP requests manually, or use the FOIP Request Tracking System (FOIP RTS) provided by IMPB.

Methodology

The Office of the Information Privacy Commissioner uses a tracking system to log all written requests for review and complaints received. These are added up at year-end. The Office of the Information and Privacy Commissioner provides this number to IMPB for use in this measure.

Government public bodies not using the FOIP RTS submit manual reports. Block 1 of the Instructions for Completing the Requests Statistics Form (March 2001) relates to the number of requests received. Number of requests includes requests for general information, personal information and for correction of information. It includes new requests and requests transferred from other public bodies, and continuing requests each time they are activated. Fiscal year data is derived by summing quarterly data.

FOIP RTS users submit the IMPB Statistical Report. The same information is reported as on the manual form and the same categories are summed.

Quarterly statistical reports are verified when submitted. The verification process ensures that the reports balance and are consistent with the previous report submitted. The annual data is tabulated by summing the quarterly submissions and the reports that are generated are submitted to each of the government public bodies for verification. FOIP RTS users generate an annual report and submit it to IMPB.

The number of requests reported as being completed by all government public bodies are combined and reported against the total number of cases opened by the commissioner's office. The formula is:

$$100 - \left(\frac{\text{\# of cases opened by the commissioner's office under ss.62 and 51(2)}}{\text{\# of requests received}}\right)$$

The Office of the Information and Privacy Commissioner provides the data on the number of cases opened. The data is reported in that office's annual report. Only cases opened pertaining to government public bodies subject to the FOIP Act are included. A limitation on the data is that cases may relate to FOIP requests that were received by public bodies as much as six months previously. As a result, cases opened in any given fiscal year may have resulted from requests received in the same or previous fiscal year.

Financial Information

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AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Municipal Affairs as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry of Municipal Affairs is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from generally accepted accounting principles:

Reporting Entity

Generally accepted accounting principles require the consolidation of organizations that together constitute a single economic unit. In the public sector, consolidated financial statements should aggregate the financial statements of organizations comprising a reporting entity. A reporting entity is defined as comprising the organizations that are accountable for the administration of their financial affairs and resources to a minister, and are owned or controlled by the government.

These financial statements contain only the results of operations and net assets of the Department of Municipal Affairs. In my view, the Ministry's delegated administrative organizations (DAOs) and the Safety Codes Council should be included in these financial statements. These organizations require the Minister's approval of revenue-raising, expenditure and resource allocation policies related to their functions.

Safety services administration is the responsibility of the government. Therefore, consolidation of the DAOs and the Safety Codes Council with the Department of Municipal Affairs would provide a complete overview of the full nature and extent of the financial affairs and resources for which the Minister is accountable.

Had the Safety Codes Council and the DAOs been included in the Ministry's statements, then revenues, expenses, assets, liabilities and net assets would have increased by approximately:

	Revenues	Expenses	Assets	Liabilities	Net Assets
			(thousands of dollars)		
Safety Codes Council	$ 1,615	$ 1,373	$ 2,838	$ 150	$ 2,688
DAOs	10,659	9,715	10,415	3,020	7,395
	$ 12,274	$ 11,088	$ 13,253	$ 3,170	$ 10,083

Capital assets

The Ministry employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2001, assets and net assets have been understated by approximately $590,000 representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. The value of capital asset purchases that were expensed in the current year is less than the amount that would have been recorded as amortization expense, understating expenses for the year ended March 31, 2001 by $274,000.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the Ministry at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
May 23, 2001

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF OPERATIONS
For the year ended March 31, 2001
(thousands of dollars)

	2001		2000
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedules 1 and 2)			
Internal Government Transfers	$ 12,000	$ 12,000	$ 10,000
Transfers from Government of Canada	420	2,220	3,288
Premiums, Fees, and Licences	459	653	730
Other Revenue	1,307	2,136	6,188
	14,186	17,009	20,206
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 2, 3 and 5 and Note 8)			
Ministry Support Services	8,086	10,339	9,603
Municipal Programs	112,629	118,458	102,877
Safety Services and Fire Protection	16,025	18,892	6,014
Disaster Services	2,279	11,265	11,403
Information Management and Privacy	1,069	1,220	983
Municipal Government Board	1,847	2,285	2,042
	141,935	162,459	132,922
Valuation adjustments			
Provision for Bad Debts	-	10	-
Provision for Vacation Pay	-	200	272
	-	210	272
Total Expenses	141,935	162,669	133,194
Loss on Disposal of Capital Assets	-	-	69
Net Operating Results	$(127,749)	$(145,660)	$(113,057)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended March 31, 2001
(thousands of dollars)

	2001 Actual	2000 Actual
Operating Transactions:		
Net Operating Results	$ (145,660)	$ (113,057)
Non Cash Charges		
Amortization	697	611
Loss on Disposal of Capital Assets	-	69
Valuation Adjustments	210	272
	(144,753)	(112,105)
Increase in Accounts Receivable	(1,203)	(4,245)
Decrease (Increase) in Loans and Advances	11	(1)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	12,485	(5,871)
Cash Used for Operating Transactions	(133,460)	(122,222)
Investing Transactions:		
Purchases of Capital Assets (Schedule 5)	(1,082)	(141)
Transfer of Capital Assets from Government Services	-	(451)
Cash Used for Investing Transactions	(1,082)	(592)
Financing Transactions:		
Net Transfer from General Revenues	134,475	122,985
Net Cash (Used) Provided	(67)	171
Cash at Beginning of Year	542	371
Cash at End of Year	$ 475	$ 542

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2001
(thousands of dollars)

	2001	2000
ASSETS		
Cash	$ 475	$ 542
Accounts Receivable (Note 3)	33,402	32,209
Loans and Advances	30	41
Capital Assets (Note 5)	2,387	2,002
	$ 36,294	$ 34,794
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 23,269	$ 10,584
NET ASSETS		
Net Assets at Beginning of Year	24,210	14,282
Net Operating Results	(145,660)	(113,057)
Net Transfer from General Revenues	134,475	122,985
Net Assets at End of Year	13,025	24,210
	$ 36,294	$ 34,794

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2001

Note 1 Authority and Purpose

The Ministry of Municipal Affairs operates under the authority of the *Government Organization Act*, Statutes of Alberta.

The Ministry works in partnership with Alberta's municipalities, other government departments, local authorities, various local organizations, and the private sector to ensure Albertans live in safe and sustainable communities, are served by open, effective and accountable governments, and have their privacy protected.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of Note 8 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- Amortization of capital assets.
- Pension costs which comprise the cost of employer contributions for current service of employees during the year.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 8.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets/Liabilities

Net assets/net liabilities represent the difference between the value of assets held by the Ministry and its liabilities.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Estimated grant accruals of $13,965,000 for the underground petroleum tank and disaster assistance programs and accounts receivable of $31,529,000 due from the federal government for the recovery of disaster claims have been recorded in these financial statements and are subject to measurement uncertainty.

Note 3 Accounts Receivable

	Gross Amount	Allowance for Doubtful Accounts	2001 Net Realizable Value	2000 Net Realizable Value
		(thousands of dollars)		
Government of Canada	$ 31,814	$ -	$ 31,814	$ 30,417
Other	1,601	(13)	1,588	1,792
	$ 33,415	$ (13)	$ 33,402	$ 32,209

Accounts receivable are unsecured and non-interest bearing.

Note 4 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities and unearned revenues are estimated to approximate their book values.

Note 5 Capital Assets

	Estimated Useful Life	Cost	Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
		(thousands of dollars)			
Equipment	10 years	$ 187	$ (81)	$ 106	$ 125
Computer Hardware and Software	5 years	4,238	(1,957)	2,281	1,877
		$ 4,425	$ (2,038)	$ 2,387	$ 2,002

Note 6 Commitments

The Ministry has entered into contractual agreements with various parties with aggregate future commitments amounting to $7,305,000 (2000 - $8,399,000).

Commitments due are shown as follows:

2001-02	$ 6,972,000
2002-03	333,000
	$ 7,305,000

Note 7 Contingencies

At March 31, 2001, the Ministry is a defendant in seventy-two legal claims (2000 - three legal claims) including one claim amounting to $362,700 in which the Ministry has been jointly named with other entities. All of these claims have specified amounts totalling $123,317,700 (2000 - three claims with a specified amount of $3,548,500). Sixty-five claims amounting to $121,158,600 are covered by the Alberta Risk Management Fund.

Of the seventy-two legal claims mentioned above, sixty-one are commenced by individuals as a result of alleged damages they incurred through the use of untreated pine shakes as a roofing material. The total amount of damages claimed in those sixty-one legal claims is $114,731,500.

The resulting loss, if any, from these claims cannot be determined.

Note 8 Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Ministry's net assets.

The financial statements of the trust funds are prepared on a calendar year basis and the net assets as disclosed in the most recent audited financial statements of the trust funds are as follows:

	2001	2000
	(thousands of dollars)	
Special Areas Trust Account	$ 64,442	$ 61,991
Improvement Districts' Trust Account	11,317	9,130
	$ 75,759	$ 71,121

Note 9 Payments Under Agreement

The Ministry has entered into an agreement with the National Search and Rescue Secretariat to deliver search and rescue projects under the federal government's New Initiatives Fund. The Ministry is fully reimbursed by the National Search and Rescue Secretariat for all costs incurred by it in the delivery of the search and rescue projects. Costs incurred under this agreement are made by the Ministry under authority of the *Financial Administration Act*, Section 29.1.

Amounts paid and payable under agreement are as follows:

	2001
	(thousands of dollars)
Stars Helicopter Night Vision Goggle Program	$ 35
YouthSafe Outdoor Pursuits Risk Management	46
	$ 81

Note 10 Pensions

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,140,000 for the year ended March 31, 2001 (2000 - $1,059,000).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658,000 (1999 - $46,019,000) and the Public Service Pension Plan reported a surplus of $635,084,000 (1999 - $517,020,000). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of $180,000 (1999 - $33,000).

Note 11 Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

Note 12 Government Restructuring

On March 15, 2001, the government announced new ministry structures. As a result, effective March 19, 2001 the Information Management and Privacy Branch was transferred to the Ministry of Government Services.

Since the 2000-01 fiscal year was substantially completed prior to this announcement, these financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-01 fiscal year against the original business plan.

Note 13 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF REVENUES
For the year ended March 31, 2001
(thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 12,000	$ 12,000	$ 10,000
Transfer from the Government of Canada			
Disaster Assistance Programs	-	1,684	2,885
Other	420	536	403
	420	2,220	3,288
Premiums, Fees and Licences	459	653	730
Other Revenue			
Refunds of Expenditure	1,305	2,124	6,078
Miscellaneous	2	12	110
	1,307	2,136	6,188
	$ 14,186	$ 17,009	$ 20,206

Schedule 2

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
For the year ended March 31, 2001
(thousands of dollars)

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Industrial Assessment Services	$ 1,475	$ 1,441	$ (34)

The Ministry prepares linear property and major plant assessments for various municipalities on a cost-recovery basis. The dedicated revenues are reported as part of other revenues on the Ministry's Statement of Operations.

Schedule 3

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF DIRECTLY INCURRED EXPENSES DETAILED BY OBJECT
For the year ended March 31, 2001
(thousands of dollars)

	2001 Budget	2001 Actual	2000 Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 20,494	$ 19,956	$ 19,507
Supplies and Services	13,778	16,501	18,845
Grants	106,863	125,256	98,109
Other	49	49	49
Amortization of Capital Assets	751	697	611
	141,935	162,459	137,121
Recovery from support service arrangements with the Ministry of Government Services [a]	-	-	(4,199)
	$ 141,935	$ 162,459	$ 132,922

a) The Ministry, in 1999-2000, provided financial and administrative services to the Ministry of Government Services. Costs incurred by the Ministry for these services were recovered from the Ministry of Government Services.

MINISTRY OF MUNICIPAL AFFAIRS
BUDGET
For the year ended March 31, 2001
(thousands of dollars)

	2000-01 Estimates	Authorized Supplementary [a]	2000-01 Authorized Budget [b]
Revenues			
Internal Government Transfers	$ 12,000	$ -	$ 12,000
Transfers from Government of Canada	420	-	420
Premiums, Fees, and Licences	459	-	459
Other Revenue	1,307	-	1,307
	14,186	-	14,186
Expenses			
Voted			
Ministry Support Services	8,086	-	8,086
Municipal Programs	112,629	8,000	120,629
Safety Services and Fire Protection	16,025	400	16,425
Disaster Services	2,279	9,833	12,112
Information Management and Privacy	1,069	-	1,069
Municipal Government Board	1,847	-	1,847
	141,935	18,233	160,168
Net Operating Results	$ (127,749)	$ (18,233)	$ (145,982)
Capital Investment	$ 955	$ 3,540	$ 4,495

(a) Supplementary Estimates were approved on December 4, 2000.

(b) Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this schedule (Note 12).

MINISTRY OF MUNICIPAL AFFAIRS

Schedule 5

SCHEDULE OF COMPARISON OF DIRECTLY INCURRED EXPENSES AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET

For the year ended March 31, 2001

(thousands of dollars)

	2000-01 Estimates	Authorized Supplementary (a)	2000-01 Authorized Budget (b)	2000-01 Actual Expenses (c)	Unexpended (Over Expended)
Voted Expenses					
Ministry Support Services					
Minister's Office	$ 270	$ -	$ 270	$ 241	$ 29
Deputy Minister's Office	302	-	302	352	(50)
Support Services					
-Operating Expense	7,514	-	7,514	9,746	(2,232)
-Capital Investment	125	-	125	93	32
	8,211	-	8,211	10,432	(2,221)
Municipal Programs					
Division Support					
-Operating Expense	3,113	-	3,113	3,011	102
-Capital Investment	830	2,000	2,830	989	1,841
Municipal Services	6,867	-	6,867	5,610	1,257
Assessment Services	5,911	-	5,911	5,434	477
Unconditional Municipal Grant	39,619	-	39,619	35,409	4,210
Municipal Debenture Interest Rebate Program	12,600	-	12,600	12,150	450
Grants in Place of Taxes	32,000	-	32,000	29,217	2,783
Financial Support to Local Authorities	519	8,000	8,519	14,437	(5,918)
Municipal 2000 Sponsorship	12,000	-	12,000	13,190	(1,190)
	113,459	10,000	123,459	119,447	4,012
Safety Services and Fire Protection					
Program Management	663	400	1,063	2,070	(1,007)
Technical Services	1,635	-	1,635	1,835	(200)
Regional Management	3,228	-	3,228	3,049	179
Fire Commissioner's Office	499	-	499	524	(25)
Petroleum Storage Tanks	10,000	-	10,000	11,414	(1,414)
	16,025	400	16,425	18,892	(2,467)
Information Management and Privacy					
Information Management and Privacy	1,069	-	1,069	1,220	(151)
Disaster Services					
Management and Provincial/Community Programs					
-Operating Expense	1,484	308	1,792	1,416	376
-Capital Investment	-	1,540	1,540	-	1,540
Disaster Recovery Programs	795	9,525	10,320	9,849	471
	2,279	11,373	13,652	11,265	2,387
Municipal Government Board					
Municipal Government Board	1,847	-	1,847	2,285	(438)
	$ 142,890	$ 21,773	$ 164,663	$ 163,541	$ 1,122

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF COMPARISON OF DIRECTLY INCURRED EXPENSES AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET
For the year ended March 31, 2001
(thousands of dollars)

Schedule 5

(Continued)

	2000-01 Estimates	Authorized Supplementary (a)	2000-01 Authorized Budget (b)	2000-01 Actual Expenses (c)	Unexpended (Over Expended)
Program Operating Expense	$ 129,935	$ 18,233	$ 148,168	$ 150,459	$ (2,291)
Program Operating Expense Funded by Lotteries	12,000	-	12,000	12,000	-
	141,935	18,233	160,168	162,459	(2,291)
Program Capital Investment	955	3,540	4,495	1,082	3,413
	$ 142,890	$ 21,773	$ 164,663	$ 163,541	$ 1,122

(a) Supplementary Estimates were approved on December 4, 2000.

(b) Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this schedule (Note 12).

(c) Includes achievement bonuses of $303,879.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF SALARY AND BENEFITS
For the year ended March 31, 2001

	2001			2000
	Salary[1]	Benefits and Allowances[2]	Total	Total
Senior Official				
Deputy Minister[3]	$ 162,240	$ 41,637	$ 203,877	$186,334
Executives				
Assistant Deputy Ministers:				
Local Government Services	120,179	26,215	146,394	128,588
Public Safety and Information Management	116,915	27,068	143,983	131,927
Executive Directors:				
Human Resources Services[4] [5]	92,319	25,699	118,018	100,711
Business Planning and Corporate Support	107,078	23,330	130,408	120,666
Financial Services/CIO[6]	97,249	19,014	116,263	100,129

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives have not been restated and show the salary and benefits of the last incumbent at March 31, 2000.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition.

(3) Automobile provided, no dollar amount included in benefits and allowances figures.

(4) Benefits and Allowances include a vacation payout of $9,812.

(5) The incumbent's services are shared with the Ministry of Government Services which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this schedule.

(6) The incumbent occupied this position effective April 13, 2000. This same individual assumed the role of CIO effective March 20, 2001.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF RELATED PARTY TRANSACTIONS
For the year ended March 31, 2001
(thousands of dollars)

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

	Other Government Entities	
	2001	2000
Revenues		
Transfer from the Lottery Fund	$12,000	$ 10,000
Expenses		
Supplies and services	$ 778	$ 418
Transfer of capital assets from the Ministry of Government Services	$ -	$ 451

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Other Government Entities	
	2001	2000
Expenses		
Supplies and services	$ 6,198	$ 4,705

The Ministry paid $28.285 million (1999-2000 - $28.026 million) of grants in place of taxes on behalf of other ministries.

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE OF ALLOCATED COSTS
For the year ended March 31, 2001
(thousands of dollars)

	2001						
	Expenses – Incurred by Others			Valuation Adjustments			
Program	Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Total	2000 Total
Ministry Support Services	$ 10,339	$ 1,694	$ 88	$ 45	$ 2	$ 12,168	$ 10,979
Municipal Programs	118,458	1,818	265	71	8	120,620	104,642
Safety Services and Fire Protection	18,892	1,119	126	52	-	20,189	6,948
Disaster Services	11,265	298	-	16	-	11,579	11,642
Information Management and Privacy	1,220	211	70	7	-	1,508	1,181
Municipal Government Board	2,285	381	128	9	-	2,803	2,507
	$ 162,459	**$ 5,521**	**$ 677**	**$ 200**	**$ 10**	**$ 168,867**	**$ 137,899**

1) Expenses – Directly incurred as per Statement of Operations, excluding valuation adjustments ($162,669 less ($200+$10) = $162,459).

Other Information

Unaudited Statement of Revenues and Expenditures of the Improvement Districts' Trust

Audited Financial Statements of the Special Areas Trust Account

Improvement Districts' Trust Account

Statement of Revenues and Expenditures
December 31, 2000

UNAUDITED

- **Summary**

- **Detail**

Note to Reader:

The unaudited financial information being presented here was derived from the December 31, 2000 audited financial statements of each Improvement District.

Improvement Districts' Trust Account
Statement of Revenues and Expenditures
For the year ended December 31, 2000

(Summary)

	Improvement District							
	4	9	12	13	24	Jasper	Kananaskis [a]	Total
Revenues	$ 32,959	$ 2,233,524	$ 44,885	$ 17,809	$ 18,004	$ 3,501,295	$ 1,031,322	$ 6,879,798
Expenditures	24,324	978,424	16,628	6,403	13,258	3,327,922	1,151,697	5,518,656
Excess (deficiency) of revenues over expenditures	$ 8,635	$ 1,255,100	$ 28,257	$ 11,406	$ 4,746	$ 173,373	$ (120,375)	$ 1,361,142

Improvement District:

4	Waterton National Park
9	Banff National Park
12	Jasper National Park
13	Elk Island National Park
24	Wood Buffalo National Park

[a] Ministerial Order No. L:102/96 delegated, effective April 1, 1996, the administration of the Kananaskis Improvement District to the Minister of Environment.

Improvement Districts' Trust Account
Statement of Revenues and Expenditures
For the year ended December 31, 2000

(Detail)

	Improvement District							
	4	9	12	13	24	Jasper	Kananaskis	Total
REVENUES								
General Municipal:								
Taxation								
Real property	$ 224,557	$ 2,400,277	$ 100,758	$ 3,914	$ 3,810	$ 4,967,347	$ 1,191,840	$ 8,892,503
Federal grants in lieu of taxes	53,982	773,118	18,455	26,017	15,773	562,909	12,108	1,462,362
Provincial grants in lieu of taxes	-	-	-	-	-	-	146,132	146,132
Power and pipeline	2,142	61,486	79,541	12,040	13,382	362,504	306,828	837,923
Penalties and costs	2,620	28,995	558	-	205	51,902	24,648	108,928
	283,301	3,263,876	199,312	41,971	33,170	5,944,662	1,681,556	11,447,848
Less payment of requisitions to:								
Alberta School Foundation Fund	267,277	1,154,436	165,272	29,651	15,277	4,124,806	1,051,450	6,808,169
Seniors Foundation	-	37,634	1,682	-	-	31,949	10,124	81,389
	267,277	1,192,070	166,954	29,651	15,277	4,156,755	1,061,574	6,889,558
General municipal taxes	16,024	2,071,806	32,358	12,320	17,893	1,787,907	619,982	4,558,290
Government transfers	11,246	26,984	-	-	-	585,411	8,275	631,916
Interest	5,164	104,551	12,527	5,489	111	41,179	41,982	211,003
Other	525	30,183	-	-	-	1,086,798	361,083	1,478,589
	$ 32,959	$ 2,233,524	$ 44,885	$ 17,809	$ 18,004	$ 3,501,295	$ 1,031,322	$ 6,879,798
EXPENDITURES								
General Municipal:								
Administrative services	$ 15,078	$ 482,996	$ 10,366	$ 6,403	$ 13,258	$ 537,577	$ 89,591	$ 1,155,269
Transportation services	-	-	-	-	-	30,013	81,360	111,373
Protective services	-	430,183	6,262	-	-	162,246	528,631	1,127,322
Recreation and cultural services	9,246	58,183	-	-	-	2,017,499	-	2,084,928
Agriculture, planning and other community services	-	700	-	-	-	580,587	-	581,287
Other expenditures	-	6,362	-	-	-	-	452,115	458,477
	$ 24,324	$ 978,424	$ 16,628	$ 6,403	$ 13,258	$ 3,327,922	$ 1,151,697	$ 5,518,656

Special Areas Trust Account

Financial Statements

December 31, 2000

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2000

Auditor's Report

Statement of Financial Position

Statement of Revenue, Expenditure and Accumulated Excess of Revenue over Expenditure

Statement of Reserves

Statement of Equity in Physical Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Investments

Schedule of Salaries and Benefits

AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have audited the balance sheet of The Special Areas Trust Account as at December 31, 2000 and the statements of revenue, expenditure and accumulated excess of revenue over expenditure, reserves, equity in physical assets and cash flows for the year then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The Special Areas Trust Account as at December 31, 2000 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for municipal governments.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
March 14, 2001

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2000

	2000	1999
ASSETS		
Financial Assets		
Current:		
Cash (Note 3)	$ 26,885,806	$ 25,684,258
Accounts receivable, net (Note 4)	1,532,301	2,095,524
Taxes receivable, net	323,169	935,431
Due from Province of Alberta, net (Note 5)	960,044	-
	29,701,320	28,715,213
Non-current:		
Accounts receivable, net (Note 4)	2,751,097	3,013,514
Investments, Schedule 1	19,310,527	17,630,548
Total financial assets	51,762,944	49,359,275
Physical Assets (Note 6)		
Capital assets	13,618,009	12,535,890
Inventories	2,521,498	2,742,996
Total physical assets	16,139,507	15,278,886
	$ 67,902,451	$ 64,638,161
LIABILITIES AND TRUST EQUITY		
Current:		
Accounts payable and accruals	$ 1,365,719	$ 1,264,368
Deferred lease revenue	248,211	208,760
Deferred provincial grant revenue	776,650	-
Due to Province of Alberta, net (Note 5)	-	104,491
	2,390,580	1,577,619
Non-current:		
Provision for gravel pit reclamation (Note 7)	1,070,000	1,070,000
Total Liabilities	3,460,580	2,647,619
Equity:		
Accumulated excess of revenue over expenditure	1,891,936	1,003,408
Reserves	46,410,428	45,708,248
In physical assets	16,139,507	15,278,886
Total Equity	64,441,871	61,990,542
	$ 67,902,451	$ 64,638,161

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS
OF REVENUE OVER EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2000

	2000		1999
	BUDGET	ACTUAL	ACTUAL
Revenue	(Note 17)		
General municipal:			
Taxation			
Power and pipeline	$ 21,272,000	$ 19,890,262	$ 22,378,068
Real property	7,250,000	6,768,508	6,592,050
Grazing and cultivation	1,120,000	1,040,488	1,069,503
Penalties and costs on taxes	125,000	194,745	299,189
	$ 29,767,000	$ 27,894,003	$ 30,338,810
Less amounts expended by transfers:			
Alberta School Foundation Fund	$ 19,775,000	$ 18,373,513	$ 19,758,941
Seniors Foundation requisitions	670,000	787,545	518,693
	20,445,000	19,161,058	20,277,634
Net taxes for municipal purposes	9,322,000	8,732,945	10,061,176
Provincial grants (Note 8)	12,048,416	9,948,721	7,246,387
Leases (Note 9)	4,492,595	4,598,332	4,360,964
Interest	2,267,000	2,513,639	2,346,373
Tax recovery land sales	600,000	360,519	599,093
Other (Note 10)	1,097,750	1,996,513	2,179,031
Total revenue, carried forward	$ 29,827,761	$ 28,150,669	$ 26,793,024

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS
OF REVENUE OVER EXPENDITURE (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2000

	2000		1999
	BUDGET (Note 17)	ACTUAL	ACTUAL
Total revenue, brought forward	$ 29,827,761	$ 28,150,669	$ 26,793,024
Expenditure			
General municipal:			
Transportation services	26,360,650	20,985,263	21,960,961
Administrative services	2,597,837	2,761,585	2,357,680
Agriculture and community pasture services	1,248,328	1,042,352	1,068,844
Recreational and cultural services	799,303	692,164	627,049
Water and sanitation services	804,988	632,678	602,643
Protective services	425,959	338,594	354,803
Industrial tax transfers	110,000	107,325	102,600
Total expenditure (Note 11 and 13)	32,347,065	26,559,961	27,074,580
Excess (deficiency) of revenue over expenditure	$ (2,519,304)	1,590,708	(281,556)
Accumulated excess of revenue over expenditure at beginning of year		1,003,408	2,166,923
		2,594,116	1,885,367
Less: transfers to tax recovery land sales reserve (Note 14):			
Phase I	$	(8,181)	(104,667)
Phase II	(775,000)	(693,999)	(777,292)
	$ (775,000)	(702,180)	(881,959)
Accumulated excess of revenue over expenditure at end of year		$ 1,891,936	$ 1,003,408
Increase (decrease) in accumulated excess of revenue over expenditure during the year	$ (3,294,304)	$ 888,528	$ (1,163,515)

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2000

	2000	1999
Tax recovery land sales reserves :		
Phase I		
Balance at beginning of year	$ 39,282,022	$ 39,177,355
Add transfers of accumulated excess of revenue over expenditure (Note 14)	8,181	104,667
Balance at end of year	39,290,203	39,282,022
Phase II		
Balance at beginning of year	6,424,907	5,647,615
Add transfer from accumulated excess of revenue over expenditure (Note 14)	693,999	777,292
Balance at end of year	7,118,906	6,424,907
Total balance at end of year	46,409,109	45,706,929
Public reserve:		
Balance at beginning and end of year	1,319	1,319
Total reserves	$ **46,410,428**	$ **45,708,248**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2000

	2000	1999
Equity in capital assets at beginning of year	$ 12,535,890	$ 11,956,783
Add purchase of capital assets:		
Transportation services	1,959,659	1,572,214
Administrative services	504,705	81,252
Agriculture and community pasture services	112,692	112,955
Recreation and cultural services	26,945	28,076
Protective services	32,515	46,169
Water and sanitation services	-	250
	2,636,516	1,840,916
Annual amortization of capital assets	(1,291,578)	(1,214,168)
Disposal of capital assets	(262,819)	(47,641)
Equity in capital assets at end of year	$ 13,618,009	$ 12,535,890
Equity in inventories at beginning of year	$ 2,742,996	$ 3,004,209
Add purchases and other inventory costs	1,938,082	2,100,376
Deduct requisitions	(2,159,580)	(2,361,589)
Equity in inventory at end of year	$ 2,521,498	$ 2,742,996
Equity in physical assets at end of year	$ 16,139,507	$ 15,278,886

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2000

	2000	1999
Operating activities:		
Excess (deficiency) of revenue over expenditure	$ 1,590,708	$ (281,556)
Amortization of investment discount, less premiums	(8,446)	(351,802)
Gain on sale of investments	(1,354)	(6,201)
Increase in provision for gravel pit reclamation	-	90,000
Purchase of capital assets	2,636,516	1,840,916
Decrease in inventories	(221,498)	(261,213)
	3,995,926	1,030,144
Changes in non-cash working capital accounts:		
Accounts receivable	563,223	(425,105)
Taxes receivable, net	612,262	(466,839)
Due from/to the Province of Alberta, net	(1,064,535)	105,175
Accounts payable and accruals	101,351	297,354
Deferred lease revenue	39,451	25,445
Deferred provincial grant revenue	776,650	-
Inventories	221,498	261,213
	1,249,900	(202,757)
Cash provided by operating activities	5,245,826	827,387
Investing activities:		
Net change in non-current accounts receivable	262,417	439,851
Proceeds from redemption of investments	3,050,730	10,991,974
Purchase of investments	(4,720,909)	(15,676,998)
Purchase of capital assets	(2,636,516)	(1,840,916)
Cash applied to investing activities	(4,044,278)	(6,086,089)
Increase (decrease) in cash	1,201,548	(5,258,702)
Cash at beginning of year	25,684,258	30,942,960
Cash at end of year	$ 26,885,806	$ 25,684,258

SPECIAL AREAS TRUST ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2000

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Chapter S-20, Revised Statutes of Alberta 1980, as amended. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board (the "Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Capital Assets

Capital asset acquisitions are included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets except the cost of construction of roads, bridges, and other infrastructure, having an original cost greater than $2,500 are shown on the statement of financial position as physical assets at net book value with the offsetting credit to equity in physical assets. All electronic data processing equipment is capitalized.

The cost of capital assets shown on the statement of financial position is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of original cost):

	Annual Amortization		Year 3 and	Estimated
	Year 1	Year 2	Thereafter	Salvage Value
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equipment	6.67	6.67	6.67	6.67
Electronic data processing				
-Hardware	40.00	30.00	20.00/10.00	–
-Software	25.00	25.00	25.00	–

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

(c) Tax Recovery Land and Crown Land

Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the balance sheet. Approximately 1.151 million acres of tax recovery land remains unsold as at December 31, 2000 (1999 - 1.158 million acres).

Crown land transferred to the Province from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes.

(d) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

(e) Inventories

The cost of consumable supplies is included as expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets.

Inventories are valued at the lower of cost or net replacement value. Cost for gravel and fuel is determined by using the first-in-first-out method and for parts and other by using the average cost method.

(f) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employee Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

(g) Financial Instruments

The carrying value of cash, current accounts receivable, taxes receivable, amounts due from/ to Province of Alberta, and accounts payable and accruals approximate fair value due to the short-term maturities of these items.

The carrying value of non-current accounts receivable approximate their fair value.

The fair value of investments is disclosed on Schedule 1.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. The Fund is a demand account managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

Note 4 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts of $238,727 for 2000 ($250,550 for 1999), are made up of the following:

	2000	1999
Current:		
From sale of tax recovery land and related mineral surface leases	$ 520,770	$ 566,705
Accrued interest	116,490	131,427
	637,260	698,132
Leases	78,346	159,894
Accrued interest on investments	273,308	210,703
Miscellaneous	543,387	1,026,795
	$ 1,532,301	$ 2,095,524
Non-current:		
From sale of tax recovery land and related mineral service leases	$ 2,572,998	$ 3,011,339
Other	178,099	2,175
	$ 2,751,097	$ 3,013,514

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in instalments over a period not exceeding ten years. An interest rate of 8 per cent per annum is applied to tax recovery land sales. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained in the Trust Account as liquidated damages.

Note 5 Due from (to) Province of Alberta, Net

The net amount due to/from the Province of Alberta is made up of the following:

	2000	1999
Due from Province of Alberta:		
Alberta School Foundation Fund	$ 702,663	$ -
Alberta Infrastructure	362,689	11,003
Other	34,646	20,061
	1,099,998	31,064
Due to Province of Alberta:		
Alberta Environment	$ (137,465)	$ (119,307)
Other	(2,489)	(16,248)
	(139,954)	(135,555)
Due from (to) Province of Alberta, net	$ 960,044	$ (104,491)

Note 6 Physical Assets

	2000			1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Capital Assets:				
Mobile equipment	$ 14,173,509	$ 6,994,546	$ 7,178,963	$ 6,699,221
Buildings	5,123,290	2,244,513	2,878,777	3,000,898
Automotive equipment	5,089,489	3,625,759	1,463,730	1,214,884
Machinery and equipment	2,450,976	1,422,028	1,028,948	951,456
Land	864,934	72,427	792,507	541,685
Electronic data processing				
- hardware	348,794	294,091	54,703	27,814
- software	381,409	161,028	220,381	99,932
	$ 28,432,401	$ 14,814,392	13,618,009	12,535,890

		Allowance to reduce to replacement value		
Parts and other	$ 1,430,943	$ -	1,430,943	1,297,453
Gravel	1,057,068	-	1,057,068	1,420,669
Fuel	33,487	-	33,487	24,874
	$ 2,521,498	$ -	$ 2,521,498	$ 2,742,996
Total physical assets			$ 16,139,507	$ 15,278,886

Note 7 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act*.

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Restoration is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

Note 8 Provincial Grants

	2000	1999
Infrastructure	$ 9,493,249	$ 6,879,274
Agriculture, Food and Rural Development	232,209	192,434
Children's Services	81,831	81,831
Environment	71,862	69,179
Municipal Affairs	50,640	4,500
Community Development	16,000	16,000
Human Resources and Employment	2,930	3,169
	$ 9,948,721	$ 7,246,387

Note 9 Lease Revenue

	2000	1999
Mineral surface leases	$ 1,978,599	$ 1,844,405
Grazing leases	1,370,468	1,215,249
Cultivation leases	445,370	465,910
Community pastures	399,252	404,130
Other	404,643	431,270
	$ 4,598,332	$ 4,360,964

Note 10 Other Revenue

	2000	1999
Sale of sand and gravel	$ 693,992	$ 170,524
Proceeds on sale of capital assets	340,313	46,800
License, permits, assignments and application fees	267,146	305,495
Municipal services cost recovery	217,816	1,268,977
Oil well drilling taxes	144,199	76,564
Miscellaneous	333,047	310,671
	$ 1,996,513	$ 2,179,031

Note 11 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	2000	1999
Contract and general services	$ 10,909,562	$ 12,229,255
Manpower (Schedule 2)	6,990,844	6,584,172
Materials, goods, and utilities	4,906,220	5,459,727
Physical assets acquired - capital assets purchases	2,636,516	1,840,916
Grants	584,538	569,532
Goods and services from Alberta Government departments		
Alberta Treasury		
Risk Management	188,517	132,540
Investment Fees	13,582	11,550
Alberta Municipal Affairs		
Linear Assessment	59,590	-
Administration	-	9,250
Alberta Registries	13,789	19,761
Other departments	1,733	1,171
Provision for doubtful accounts	147,745	114,106
Industrial tax transfers	107,325	102,600
	$ 26,559,961	$ 27,074,580

Note 12 Pension Plan

The Special Areas Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2000 to the PSPP were $152,809 (1999 - $143,372) and to the MEPP were $60,310 (1999 - $49,063) .

Based on the latest unaudited information available, the Management Employees Pension Plan and the Public Service Pension Plan have surpluses as at December 31, 2000.

Note 13 Related Parties

Expenditures for goods and services provided by the Province and billed to the Trust Account are disclosed in Note 11.

Grants provided by the Province are disclosed in Note 8 and the amounts outstanding at the end of the year are disclosed in Note 5.

During 2000, the Trust Account received funds as agent for the Department of Environment amounting to $137,465, all of which is included as due to the Department at the end of the year.

Note 14 Tax Recovery Land Sales Reserve

Transfers to tax recovery land sale reserve have been determined as follows:

	Phase I	Phase II	Total
Land sales	$ 8,181	$ 314,220	$ 322,401
Interest	-	379,779	379,779
	$ 8,181	$ 693,999	$ 702,180

Phase I and II relate to proceeds from sales under the 1981 and 1988 tax recovery land sales policies respectively.

Phase I excludes interest revenue and has not been earmarked for specific expenditures.

Phase II includes interest earned under agreements for sale and investment interest earned on Phase II funds and is earmarked for future capital projects as authorized by the Minister of Municipal Affairs.

Note 15 Lease Commitments

The Special Areas Board has entered into three long-term operating leases for equipment. The future lease payments are as follows:

2001	$ 271,634
2002	271,634
2003	271,634
2004	271,634
2005	-
	$ 1,086,536

Note 16 Contingent Liabilities

The Special Areas Board has been named in a civil litigation claim brought against it for an amount not exceeding $2,050,000. The assessment of this claim is that loss is unlikely.

The Board has been named in two other claims. These claims are being adjudicated by Alberta Treasury - Risk Management and Insurance Division. The amount of these claims have been limited to $54,000 plus expenses.

These amounts as well as costs associated with any defence are indemnified by Alberta Treasury - Risk Management and Insurance Division.

Note 17 Budget

The 2000 municipal budget was adopted by the Special Areas Board and approved by the Minister of Municipal Affairs in January 2000.

Note 18 Comparative Figures

Certain 1999 figures have been reclassified to conform to 2000 presentation

Note 19 Approval of Financial Statements

These financial statements have been approved by the Board.

THE SPECIAL AREAS TRUST FUND
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2000

	2000						1999
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Bank of Montreal	10.25%	6.38%	May 1, 2002	$ 500,000	$ 529,765	$ 523,618	$ 541,405
Equitable Trust - mortgage-backed security	5.00%	5.69%	November 1, 2004	1,841,843	1,795,115	1,800,928	1,843,188
Government of Canada	5.17%	4.95%	May 1, 2000	-	-	-	984,117
Government of Canada	5.49%	5.37%	September 1, 2000	-	-	-	965,283
Government of Canada	5.57%	6.30%	May 24, 2001	500,000	489,250	488,308	-
Government of Canada	5.25%	5.37%	December 1, 2001	1,500,000	1,498,155	1,498,373	1,496,595
Government of Canada	5.50%	5.37%	September 1, 2002	2,650,000	2,659,275	2,654,890	2,657,829
Government of Canada	5.25%	5.49%	September 1, 2003	3,700,000	3,695,745	3,650,407	2,182,727
Government of Canada	6.50%	5.85%	June 1, 2004	700,000	724,801	713,869	-
Government of Canada	5.00%	6.11%	September 1, 2004	900,000	889,848	868,275	-
Government of Canada	5.50%	5.53%	June 1, 2009	1,500,000	1,510,500	1,496,993	1,496,635
Province of Manitoba	9.75%	9.34%	September 3, 2002	1,000,000	1,067,800	1,000,000	1,000,000
Province of New Brunswick	9.13%	6.15%	April 1, 2002	800,000	835,632	827,866	-
Province of Nova Scotia	5.17%	5.09%	April 20, 2000	-	-	-	984,933
Province of Ontario	9.75%	6.11%	October 29, 2001	1,000,000	1,031,760	1,027,788	1,061,465
Province of Ontario	8.00%	5.49%	March 11, 2003	1,500,000	1,578,555	1,573,766	1,607,514
Province of Quebec	5.57%	5.96%	September 7, 2001	400,000	385,292	384,588	-
Regional Municipality of York	6.75%	5.58%	November 5, 2003	778,000	802,896	800,708	808,707
				19,269,843	19,494,389	19,310,377	17,630,398
Alberta Municipal Financing Corporation shares				-	150	150	150
				$ 19,269,843	$ 19,494,539	$ 19,310,527	$ 17,630,548

Schedule 2

SPECIAL AREAS TRUST ACCOUNT

SCHEDULE OF SALARIES AND BENEFITS

FOR THE YEAR ENDED DECEMBER 31,2000

	2000				1999	
	Number of Individuals (1)	Salary (2)	Benefits & Allowances (3)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	$ 93,519	$ 14,613	$ 108,132	1	$ 98,453
Special Areas Board members	2	6,700	-	6,700	2	5,725
Director of Finance and Administration	1	75,292	12,581	87,873	1	80,538
Director of Municipal Services	1	74,537	12,450	86,987	1	80,469
Director of Properties Administration	1	68,482	12,369	80,851	1	78,564
Roads & Equipment Superintendent	1	61,226	9,051	70,277	1	61,765
Managers (Note 4)	2.8	152,876	28,822	181,698	2	120,807
Other full-time staff (Note 5)	82.75	3,422,250	539,639	3,961,889	81	3,650,634
Part time and casual wage staff		2,059,572	256,287	2,315,859		2,337,209
Other Boards		22,250	-	22,250		25,850
Advisory Councillors	13	14,880	-	14,880	13	18,045
Increase in Vacation Accrual		53,448	-	53,448		26,113
		$ 6,105,032	$ 885,812	$ 6,990,844		$ 6,584,172

(1) Number of individuals consists of full-time equivalents, except for Special Areas Board members and Advisory Councillors.

(2) Salary includes regular base pay, overtime, vacation payouts, honoraria and any other direct cash remuneration.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including Workers' Compensation Board, Canada Pension Plan, employment insurance, camp allowances, pension, health care, dental coverage, out-of-country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.

(4) Average salary is $54,599 and average benefits are $10,294 totalling $64,893 (1999 - $60,403).

(5) Average salary is $41,356 and average benefits are $6,521, totalling $47,877 (1999 - $45,070).

Government Organization Changes 2000-2001

Ministry	Program/Entity Changes	Previous Location	New Location
Aboriginal Affairs and Northern Development (new)	• Aboriginal Affairs	International and Intergovernmental Relations	
	• Northern Alberta Development Council	Energy (formerly Resource Development)	
	• Western Economic Partnership Agreement		
Agriculture, Food and Rural Development	• except Public Lands (includes land mgmt and grazing)		Sustainable Resource Development (new)
	• except Surface Rights and Land Compensation Board		
Children's Services	• no change		
Community Development	• except seniors		Seniors (new)
	• except Seniors' Housing Corporation		Seniors
	• except Alberta Social Housing Corporation		Seniors
	• except Alberta Order of Excellence		Executive Council
	• Persons with Developmental Disabilities Boards and Foundation	Health and Wellness	
	• Michener Centre	Health and Wellness	
	• Premier's Council on the Status of Persons with Disabilities	Health and Wellness	
		Health and Wellness	
	• Parks and Protected Areas	Environment	
Economic Development	• no change		
Energy (formerly Resource Development)	• except Forest Industry Development		Sustainable Resource Development (new)
	• except Northern Alberta Development Council		Aboriginal Affairs and Northern Development (new)
	• except Western Economic Partnership Agreement		
Environment	• except Parks and Protected Areas		Community Development
	• except Land and Forest Service		Sustainable Resource Development (new)
	• except Fisheries and Wildlife Management		
	• except Natural Resources Conservation Board		
	• except Environmental Protection and Enhancement Fund (except Forest Development Research Program)		
	• except small water capital		Transportation (new)
	• except Forest Development Research Program (formerly part of EPEF)		Innovation and Science
Executive Council	• except Alberta Corporate Service Centre		Government Services
	• Alberta Order of Excellence	Community Development	
Finance (formerly part of Treasury)	• Financial Management and Planning	Treasury	Finance
	• except Alberta Securities Commission	Treasury	Revenue
	• except Medical Research Endowment Fund	Treasury	Revenue
	• except Heritage Savings Trust Fund	Treasury	Revenue
	• except Heritage Scholarship Fund	Treasury	Revenue
	• except Risk Management Fund	Treasury	Revenue
Gaming	• no change		
Government Services	• Information Management and Privacy	Municipal Affairs	
	• Records Management	Innovation and Science	
	• Alberta Corporate Service Centre	Executive Council	

Ministry	Program/Entity Changes	Previous Location	New Location
Health and Wellness	• except Persons with Developmental Disabilities Boards and Foundation		Community Development
	• except Michener Centre		Community Development
	• except Premier's Council on the Status of Persons with Disabilities		Community Development
	• except Healthy Aging Partnership Initiative		Seniors (new)
Human Resources and Employment	• no change		
Infrastructure	• except National Infrastructure Program		Transportation (new)
	• except Roads and Public Transportation (including water infrastructure)		Transportation
	• except Transportation Engineering (including highways)		Transportation
	• except surplus land		Transportation
	• except Transportation Safety Board		Transportation
Innovation and Science	• except Records Management		Government Services
	• Forest Development Research Program (formerly part of EPEF)	Environment	
International and Intergovernmental Relations	• except Aboriginal Affairs		Aboriginal Affairs and Northern Development (new)
Justice	• except Policing and Correctional Services		Solicitor General (new)
	• except Victims of Crime Fund		Solicitor General
Learning	• no change		
Municipal Affairs	• except Information Management and Privacy		Government Services
Revenue (formerly part of Treasury)	• Tax and Revenue Administration	Treasury	Revenue (new)
	• Investment Management Division	Treasury	Revenue
	• Alberta Securities Commission	Treasury	Revenue
	• Medical Research Endowment Fund	Treasury	Revenue
	• Heritage Savings Trust Fund	Treasury	Revenue
	• Risk Management Fund	Treasury	Revenue
	• Heritage Scholarship Fund	Treasury	Revenue
Seniors (new)	• Seniors	Community Development	
	• Seniors' Housing Corporation	Community Development	
	• Alberta Social Housing Corporation	Community Development	
	• Healthy Aging Partnership Initiative	Health and Wellness	
Solicitor General (new)	• Policing and Correctional Services	Justice	
	• Victims of Crime Fund	Justice	
Sustainable Resource Development (new)	• Public Lands (includes land mgmt and grazing)	Agriculture, Food, and Rural Development	
	• Surface Rights and Land Compensation Board		
	• Land and Forest Service	Environment	
	• Fisheries and Wildlife Management	Environment	
	• Natural Resources Conservation Board	Environment	
	• Environmental Protection and Enhancement Fund (except Forest Development Research Program)	Environment	
	• Forest Industry Development	Energy (formerly Resource Development)	
Transportation (new)	• Roads and Public Transportation (including water infrastructure)	Infrastructure	
	• Transportation Engineering (including highways)	Infrastructure	
	• Transportation Safety Board	Infrastructure	
	• surplus land	Infrastructure	
	• National Infrastructure Program	Infrastructure	
	• small water capital	Environment	

Alphabetical List of Entities' Financial Information in Ministry Annual Reports

Entities included in the consolidated government reporting entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Heritage Science and Engineering Research Endowment Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
Alberta Informatics Circle of Research Excellence Inc. (iCORE)	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Treasury

Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Lottery Fund	Gaming
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Health and Wellness
Central Community Board	Health and Wellness
Edmonton Community Board	Health and Wellness
Northeast Community Board	Health and Wellness
Northwest Community Board	Health and Wellness
South Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
S C Financial Ltd.	Treasury
Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice
Wild Rose Foundation, The	Community Development

Entities not included in the consolidated government reporting entity

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Treasury
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post-secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Treasury
Supplementary Retirement Plan for Public Service Managers	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment